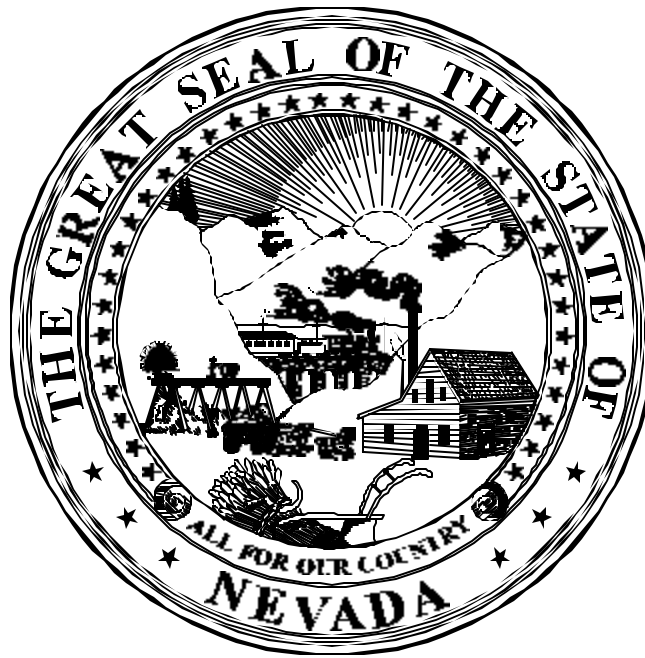


STATE OF NEVADA

GAMING CONTROL BOARD



CPA MICS COMPLIANCE REPORTING
FOR GROUP I AND GROUP II LICENSEES

STATE OF NEVADA

GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING

The CPA Minimum Internal Control Standards (MICS) compliance reporting guidelines and questionnaires were designed to provide a level playing field for all CPA's by standardizing the document examination sample sizes and the report format.

Regulation 6.090 requires each Group I and Group II licensees to submit a written system of internal control describing its administrative and accounting procedures and an accurate, detailed narrative description of their procedures in effect that complies with the MICS. The regulation also requires the CPA engaged by the licensee, to examine or review the financial statements, to submit a written report of the licensee's compliance with the MICS. Using **the criteria established by the Chairman**, the CPA must report each event and procedure discovered by or brought to the CPA's attention that the CPA believes does not satisfy the MICS or variations from the MICS that have been approved.

The criteria established by the Chairman was developed by the Nevada Gaming Control Board in tandem with the Nevada gaming industry and certified public accountants licensed to practice in the State. The guidelines and questionnaires communicate the Board's position on the minimum acceptable procedures to be performed by the CPA in order to report on a licensee's compliance with the regulation. Standardized requirements ensure that all CPA's are performing the same quality/quantity of work. Additionally, by standardizing the questionnaires, the Board is able to review any CPA's work papers in a more efficient and time saving manner without having to adjust to the myriad of individual/firm styles.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING REQUIREMENTS

INDEX

<u>SECTION</u>	<u>VERSION NUMBER</u>	<u>EFFECTIVE DATE</u>
Guidelines	3	November 1, 1997
Checklists:		
• Slots		
- General Walk-through	3	November 1, 1997
- Hard Drop and Count Observation	3	November 1, 1997
- Currency Acceptor Drop and Count Observation	3	November 1, 1997
• Table Games		
- General Walk-through	3	November 1, 1997
- Soft Drop and Count Observation	3	November 1, 1997
• Card Games	3	November 1, 1997
• Computerized Keno	3	November 1, 1997
• Manual Keno	3	November 1, 1997
• Bingo	3	November 1, 1997
• Race and Sports Books	3	November 1, 1997
• Pari-Mutuel Wagering	1	November 1, 1997
• Entertainment	1	November 1, 1997
• Cage and Credit	3	November 1, 1997
• Electronic Data Processing	1	November 1, 1997
• Internal Audit	1	November 1, 1997

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING REQUIREMENTS

GUIDELINES

Required Procedures

In connection with the issuance of the CPA compliance report pursuant to Regulation 6.090(9) the CPA is required to:

1. Compare the licensee's submitted system of internal control in its entirety to the Minimum Internal Control Standards (MICS) to ascertain whether the criteria set forth in the MICS or approved variations are adequately addressed. The submitted system must, pursuant to Regulation 6.090(2)(c), include an organization chart depicting segregation of functions and responsibilities, a description of the duties and responsibilities of each position shown on the organization chart, and an accurate, detailed narrative description of the licensee's procedures in effect that demonstrates compliance with the MICS.

Licensee's personnel may be used to cross-reference the internal control system to the Minimum Internal Control Standards, as long as the CPA performs a review of the licensee's work and assumes complete responsibility for the proper completion of this requirement.

2. Complete the applicable CPA MICS COMPLIANCE CHECKLIST for Group I and Group II licensees by performing walk-throughs, observations and compliance testing. A separate checklist must be completed for each gaming revenue center, for areas subject to casino entertainment tax, cage and credit, in-house internal audit departments and EDP departments.

Note: Photocopies of the checklists provided by the Board may be used. Additionally, if your checklists are generated from our disks or your computer files, the format must be identical to that originally issued by the Board.

All questions on each applicable checklist must be completed. Workpaper references should be provided for all "no" responses and for the results obtained during document testing (unless the question can be answered by a note in the "W/P Ref." column).

The CPA must perform the following procedures in conjunction with the completion of the checklists:

- a. At least one unannounced observation of each of the following: Slot coin drop, slot currency acceptor drop, table games drop, slot coin count, slot currency acceptor count, and table games count. The AICPA's "Audits of Casinos" Audit and Accounting Guide states that "...observations of operations in the casino cage and count room should not be announced in advance..." For purposes of these procedures, "unannounced" means that no officers, directors, or employees are given advance information regarding the dates or times of such observations. Arrangements should be made between the licensee and the independent accountant to ensure proper identification of the CPA's, while at the same time providing for their prompt access to the count rooms.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING REQUIREMENTS

GUIDELINES

The slot coin count observation must include a weigh scale test of all denominations using precounted coin. The count must be in process when these tests are performed, and should be conducted prior to the commencement of any other walk-through procedures. For computerized weigh scales, the test can be conducted at the conclusion of the count, but before the final totals are generated.

There are three separate checklists provided for the drop/count observations, one for the hard drop/count, one for the soft drop/count and one for the currency acceptor drop/count. The count room must not be entered until the count is in process and the CPA must not leave the room until the monies have been counted and verified to the count sheet by the CPA and accepted into accountability. If the drop teams are unaware of the drop observations and the count observations would be unexpected, the hard count and soft count rooms may be entered simultaneously. Additionally, if the slot currency acceptor count begins immediately after the table games count in the same location, by the same count team, and using the same equipment, the currency acceptor count observation can be conducted on the same day as the table games count observation as long as the CPA remains until monies are transferred to the vault/cashier.

- b. Observations of the licensee's employees as they perform their duties.
- c. Interviews with the licensee's employees who perform the procedures addressed by the MICS.
- d. Compliance testing of various documents referred to in the MICS. The scope of such testing is indicated on the checklist where applicable. When documents are to be selected from different months, they must be non-consecutive months.

The above procedures are the minimum procedures that must be performed. Upon written notice by the Board Chairman or his designee, other procedures may be required. The licensee shall engage the CPA to perform such procedures and include the findings in the CPA's compliance report. The Board will cite licensees for violations of Regulation 6.090(9) where the CPA's have not complied with the Guidelines, so that the problems may be rectified during future engagements.

Upon written request by a licensee, the Chairman or his designee may provide written approval for the CPA to waive the performance of one or more areas of review for a specific year due to the occurrence of unusual circumstances or for good reason. Such approval is at the sole discretion of the Board. For new licensees that have been in operation for three months or less by the end of their business year, performance of these guidelines is not required. The Board classifies new licensees as Group I, Group II or Group III based on their first-year gross gaming revenue projections. Such initial classification should be used when determining whether Regulation 6.090(9) applies to recently licensed entities.

These Guidelines are not intended to limit the CPA to the performance of only the above-specified procedures. If additional procedures are performed (e.g., expanded document testing), the results should be included in their report.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING REQUIREMENTS

GUIDELINES

Reliance on Internal Auditors

The CPA may rely on the work of an internal auditor, to the extent allowed by the professional standards, for the performance of the required procedures specified in items 2 b, c and d above, and for the completion of the checklists as it relates to those procedures, if the internal audit department meets all of the following criteria:

1. The internal audit department reports directly to management/ownership (i.e., individuals who are independent of departments subject to audit).
2. The individual who is directly responsible for supervising and managing the internal audit function must be a CIA or CPA with a minimum of two years auditing experience.
3. At least 50% of the internal audit staff must possess a four-year degree.
4. The internal audit department operates with audit programs which, at a minimum, address the MICS. Additionally, the department properly documents the work performed, the conclusions reached, and the resolution of all exceptions.

The CPA will evaluate the internal audit department's compliance with the above criteria and document the results in their workpapers. Additionally, the CPA shall issue a letter to the Board (either through the licensee or directly to the Board with the concurrence of the licensee), as to the internal audit department's compliance with the preceding criteria and the extent of reliance to be placed on the work of the internal audit department ("internal audit reliance letter"). The letter must be submitted no later than 90 days following the beginning of the year under audit. The Chairman or his designee, in his sole discretion and upon notice to a licensee, may refuse to accept or may limit the extent of the CPA's reliance on the work of an internal audit department for purposes of Regulation 6.090(9); written notification will be provided to the CPA within 30 days if such action is to be taken. If the CPA does not anticipate relying on the internal audit department, no Board notification is necessary. In those instances where the licensee has changed CPA's and the successor CPA wants to rely on the internal audit department, the above 90-day notice requirement can be waived. Such approval is at the sole discretion of the Board.

In certain limited circumstances the internal audit department may not satisfy one or more of the specified criteria, but the CPA may believe the quality of the department is such that reliance should be placed on the work of the internal auditors. In such circumstances the CPA shall submit a written request to the Chairman (through the licensee or directly with the concurrence of the licensee) for approval of an internal audit department that does not meet the above criteria ("internal audit exemption letter"). The letter must describe in detail why the internal audit department should be relied upon. The letter must be submitted no later than 90 days following the beginning of the year under audit. The Chairman or his designee will evaluate the request and issue a written determination. For purposes of Regulation 6.090(9), the CPA should not place any reliance on an internal audit department that doesn't meet the established criteria until such time as a written determination has been received. Once an exemption has been granted, it is necessary to notify the Board if the conditions of the exemption have changed or if the internal audit department will no longer be relied upon. An internal audit exemption letter does not have to be submitted annually if the department remains unchanged from when the exemption approval was granted. However, an

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING REQUIREMENTS

GUIDELINES

internal audit reliance letter will need to be filed annually confirming that no changes in the internal audit department had occurred since the granting of the exemption.

If the CPA is engaged to perform both the internal audit procedures required by the Minimum Internal Control Standards and the procedures required by Regulation 6.090(9), the required observations of the hard, soft and currency acceptor drop/count procedures must be performed to satisfy both the Internal Audit MICS and these guidelines. All other procedures required to be performed need only meet the internal audit requirements of the MICS in addition to those procedures specifically addressed in these guidelines and checklists that are not addressed in the internal audit MICS. The performance of the procedures related to items 2 b, c and d above are satisfied by the internal audit MICS and do not have to be repeated. The same policy is applicable if the CPA relies on a qualified internal audit department. **ALL** internal audit procedures must be performed (either by someone independent of the functions being examined, a separate internal audit department, or a CPA).

Finally, in some instances another CPA may perform the licensee's internal audit function. No reliance letter is required if the CPA is licensed to practice in the state of Nevada.

Report Format

The Gaming Control Board has concluded that the performance of these agreed-upon procedures is an attestation engagement in which the CPA applies such agreed-upon procedures to a licensee's assertion that the gaming operation and the operation's written internal control system are in compliance with the MICS. Accordingly, the Statements on Standards for Attestation Engagements (SSAE's) issued by the Auditing Standards Board are applicable. SSAE #3 ("Compliance Attestation") and #4 ("Agreed-Upon Procedures Engagements") appear to provide current, pertinent guidance regarding this specific type of engagement, and the sample report formats included within those standards may be used, as appropriate, in the preparation of the CPA's MICS compliance report. The Board will accept other report formats if they contain all of the information discussed below.

The Regulation 6.090(9) compliance report should identify the procedures performed and whether or not any exceptions were noted. The report must describe all instances of procedural noncompliance with the MICS or approved variations, and all instances where the licensee's written system does not comply with Regulation 6.090(2)(a), (b), (c) and the MICS. Pursuant to Regulation 6.090(9) each instance of noncompliance with the MICS discovered by the internal audit department must also be addressed by the CPA's compliance report. This can be accomplished by itemizing each exception in the body of the report or by a general reference to the internal audit reports which must be attached to the CPA's report. If copies of the internal audit reports are attached, they should contain the individual instances of noncompliance noted by the internal audit department. Management responses are required for all noted instances of noncompliance found by both the CPA and the internal audit department.

Material internal control deficiencies in gaming areas, entertainment taxable areas, EDP departments, internal audit, and accounting areas that are not addressed by the MICS should be disclosed in a management letter to the licensee and not in the Regulation 6.090(9) compliance report.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE REPORTING REQUIREMENTS

GUIDELINES

Report Submission Requirements

Two copies of the CPA's compliance report and the licensee's statement addressing areas of noted noncompliance are required to be submitted to the Board no later than 150 days after the licensee's business year pursuant to Regulation 6.090(9). This report should be provided in addition to any reports required to be submitted to the Board pursuant to Regulation 6.080(8).

Additionally, it is recommended that the CPA maintain the workpapers supporting the report for a minimum of five years. The Board may request access to these workpapers, through the licensee, pursuant to Regulation 6.080(9).

Please contact the Board's Audit Division if you require clarification of the preceding guidelines.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

Client _____ Audit _____ Prepared _____
Name: _____ Period: _____ By: _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's slot operations are in compliance with the Slot Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Note 1: The controls in effect for participation machines will provide at least the level of control described by these standards.

Note 2: One slot route operator's employee may be used to fill the employee requirements except in a supervisory capacity.

Note 3: Any Board-authorized computer applications that provide alternate documentation and/or procedures which achieve the objectives of the MICS will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability.

Yes No W/P
Ref.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
<i>Jackpot Payouts, Slot Fills, Short Pays and Accumulated Credit Payouts</i>			
Testing of Questions 1-3 is required.			
Scope: Select all slips per day (with a maximum of 30) for 2 days. Test days should be in non-consecutive months.			
1. For jackpot payouts and slot fills, does the payout form/documentation include the following information:			
a. Date and time?	_____	_____	_____
b. Machine number?	_____	_____	_____
c. Dollar amount of cash payout or slot fill (both alpha and numeric), or description of personal property awarded?	_____	_____	_____
Note: Alpha is optional if another unalterable method is used for evidencing the amount of the payout or fill.			
d. Game outcome (including reel symbols, card values and suits, etc.) for jackpot payouts only?	_____	_____	_____
e. Signatures of at least two employees verifying and witnessing the payout or slot fill?	_____	_____	_____
Note: On graveyard shifts (eight-hour maximum) payouts/fills less than \$100 can be made without the payout/fill being witnessed if the second person signing can reasonably verify that a payout/fill is justified.			
f. Preprinted or concurrently-printed sequential number?	_____	_____	_____
2. Do jackpot payouts over a predetermined amount:			
a. Require the signature and verification of a supervisory or management employee independent of the slot department?	_____	_____	_____
b. Is this predetermined amount authorized by management, documented, and maintained?	_____	_____	_____
3. For short pays of \$10.00 or more, and payouts required for accumulated credits, does the payout form include:			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
a. Date and time?	_____	_____	_____
b. Machine number?	_____	_____	_____
c. Dollar amount of payout (both alpha and numeric)? Note: Alpha is optional if another unalterable method is used for evidencing the amount of the payout.	_____	_____	_____
d. Signatures of at least two employees (one employee for Group II licensees) verifying and witnessing the payout?	_____	_____	_____
Note: Short pays involving a single token in a denomination higher than \$10.00 may be handled without the above documentation.			
4. Are computerized jackpot/fill systems restricted so as to prevent unauthorized access and fraudulent payouts by one individual?	_____	_____	_____
5. Are payout forms controlled and routed in a manner that precludes any one individual from producing a fraudulent payout by forging signatures or by altering the amount paid out subsequent to the payout and misappropriating the funds? Describe procedures.	_____	_____	_____

Promotional Payouts and Awards

Promotional payouts and awards are supplemental payouts which are not reflected in the slot machine pay table. Compliance with the following question is required if promotional payouts are to be deducted from slot revenue.

Testing of Question 6 is required.

Scope: Select all slips per day (with a maximum of 30) for 2 days. Test days should be in non-consecutive months.

6. Does the payout form/documentation include the following information:

a. Date and time?	_____	_____	_____
b. Machine number and denomination?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
c. Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.)?	_____	_____	_____
d. Type of promotion (e.g., double jackpots, four-of-a-kind bonus, etc.)?	_____	_____	_____
e. Signature of at least one employee authorizing and completing the transaction?	_____	_____	_____

Slot Department Funds Standards

7. Are the slot booths and change banks, which are active during the shift, counted down and reconciled each shift utilizing appropriate accountability documentation?	_____	_____	_____
8. Is the wrapping of loose slot booth and cage cashier coin performed at a time or location that does not interfere with the hard count/wrap process or the accountability of that process?	_____	_____	_____
9. Is a record maintained evidencing the transfers of unwrapped coin and retained for at least 7 days?	_____	_____	_____

EPROM Testing

10. At least annually, are procedures performed to insure the integrity of a sample of slot machine game program EPROMs by personnel independent of the slot department or by outside vendors? Describe procedures.	_____	_____	_____
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EPROM Duplication

Note 1: If duplication of gaming device program storage media is performed and Board approval has been received, or the licensee is a licensed manufacturer, then Questions 11-14 must be answered.

Note 2: The EPROMs of some manufacturers may be protected by federal copyright laws. The licensee should insure that all applicable laws are complied with when duplicating EPROMs.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
Note 3: Equivalent controls must be in place should gaming device program storage media approved by the Board, other than EPROMs, be duplicated.			
11. Are procedures developed and implemented for the following:			
a. Removal of EPROMs from devices, the verification of the existence of errors as applicable, and the correction via duplication from the master game program EPROM?	_____	_____	_____
b. Copying one gaming device program to another approved program?	_____	_____	_____
c. Verification of duplicated EPROMs prior to being offered for play?	_____	_____	_____
d. Destruction, as needed, of EPROMs with electrical failures?	_____	_____	_____
e. Securing the EPROM duplicator and master game EPROMs from unrestricted access?	_____	_____	_____
12. Are the master game program number, par percentage, and the pay table verified to the par sheet when initially received from the manufacturer?	_____	_____	_____
13. Are records maintained documenting the above procedures including the following information:			
a. Date?	_____	_____	_____
b. Machine number (source and destination)?	_____	_____	_____
c. Manufacturer?	_____	_____	_____
d. Program number?	_____	_____	_____
e. Personnel involved?	_____	_____	_____
f. Reason for duplication?	_____	_____	_____
g. Disposition of any permanently removed EPROM?	_____	_____	_____
h. GCB Lab approval number?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
14. Do EPROMs returned to gaming devices include the date and information identical to that shown on the manufacturer's label?	_____	_____	_____

Theoretical/Actual Hold

15. Are accurate and current theoretical hold worksheets maintained for each slot machine?	_____	_____	_____
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16. For those slot machines or groups of identical machines (excluding multi-game machines) with differences in theoretical payback percentage exceeding a 4% spread between the minimum and maximum theoretical payback, and which contain meters required by Regulation 14 Technical Standard 2.010(3), does the licensee perform the following:			
--	--	--	--

a. On a quarterly basis, record the meters that contain the number of plays by wager (i.e., one coin, two coins, etc.)?	_____	_____	_____
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b. On an annual basis, calculate the theoretical hold percentage based on the distribution of plays by wager type?	_____	_____	_____
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c. On an annual basis, adjust the machine(s) theoretical hold percentage in the slot statistical report to reflect this revised percentage?	_____	_____	_____
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17. For multi-game machines, does the licensee perform the following:			
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a. Weekly record the total coin-in meter?	_____	_____	_____
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b. Quarterly record the coin-in meters for each game contained in the machine?	_____	_____	_____
--	-------	-------	-------

c. On an annual basis adjust the theoretical hold percentage to a weighted average based upon the ratio of coin-in for each game?	_____	_____	_____
---	-------	-------	-------

Note: The adjusted theoretical hold percentage can be combined for machines with exactly the same game mix throughout the year.

18. Are the theoretical hold percentages used in the slot analysis reports within the performance standards set by the manufacturer?	_____	_____	_____
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STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
19. Are records maintained for each machine which indicate the dates and type of changes made and the recalculation of theoretical hold as a result of the changes?	_____	_____	_____
20. Are records maintained for each machine which indicate the date the machine was placed into service, the date the machine was removed from operation, the date the machine was placed back into operation, and any changes in machine numbers and designations?	_____	_____	_____
21. Do all of the slot machines contain functioning coin-in meters?	_____	_____	_____
22. Do all slot machines with currency acceptors approved by the Board after January 1, 1988 contain functioning bill-in meters which record the dollar amounts or number of bills accepted by denomination?	_____	_____	_____
23. Are slot machine in-meter readings recorded at least weekly immediately prior to or subsequent to a slot drop? (Exception: The time between readings may extend beyond one week in order for a reading to coincide with the end of an accounting period only if such extension is for no longer than six days.)	_____	_____	_____
24. Is the employee who records the in-meter reading either independent of the hard count team or assigned on a rotating basis unless the in-meter readings are randomly verified quarterly for all slot machines and currency acceptors by someone other than the regular in-meter reader?	_____	_____	_____
25. Upon receipt of the meter reading summary, does the accounting department review all meter readings for reasonableness using pre-established parameters?	_____	_____	_____
26. Prior to final preparation of statistical reports, are meter readings which do not appear reasonable reviewed with slot department employees, and exceptions documented, so that meters can be repaired or clerical errors in the recording of meter readings can be corrected?	_____	_____	_____
27. Is a report produced at least monthly showing month-to-date, year-to-date, and if practicable, life-to-date actual hold percentage computations for individual machines and a comparison to each machine's theoretical hold percentage previously discussed?	_____	_____	_____

Note: Actual hold = dollar amount of win divided by dollar amount of coin in.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
28. Does each change to a slot machine's theoretical hold percentage, including progressive percentage contributions, result in that machine being treated as a new machine in the statistical reports (i.e., not commingling various hold percentages)?	_____	_____	_____
29. If promotional payouts and awards are included on the slot statistical reports, is it in a manner which prevents distorting the actual hold percentages of the affected machines? Describe how handled.	_____	_____	_____
30. Is a report produced at least monthly showing year-to-date combined slot machine performance, by denomination, including the following for each denomination:			
a. Floor par?	_____	_____	_____
b. Combined actual hold percentage?	_____	_____	_____
c. Percentage variance (b - a)?	_____	_____	_____
d. Projected dollar variance (i.e., coin-in times the percentage variance)?	_____	_____	_____
Note: Floor pars are the sum of the theoretical hold percentages of all machines within a denomination weighted by coin-in contribution.			
31. Are the statistical reports reviewed by both slot department management and management employees independent of the slot department on at least a monthly basis?	_____	_____	_____
Note: For Group II licensees slot department management employees are not required to review statistical reports.			
32. Are large variances between theoretical hold and actual hold investigated and resolved with the findings documented in a timely manner? Describe large variance criteria.	_____	_____	_____
33. For purposes of analyzing large variances between actual hold and theoretical hold percentages, is information to create floor par reports by machine type maintained?	_____	_____	_____
34. Is maintenance of the computerized slot monitoring system data files performed by either:			
a. A department independent of the slot department?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Slot supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the slot department on a monthly basis?	_____	_____	_____
35. Are updates to the computerized slot monitoring system to reflect additions, deletions or movements of slot machines made at least weekly prior to in-meter readings and the weigh process?	_____	_____	_____

Slot Machine Hopper Contents

36. When machines are temporarily removed from the floor, are slot drop and hopper contents protected to preclude the misappropriation of stored funds? Describe procedures.	_____	_____	_____
<u>37.</u> When machines are permanently removed from the floor, are the slot drop and hopper contents counted and recorded by at least two employees with appropriate documentation being routed to the accounting department for proper recording and accounting for initial hopper loads?	_____	_____	_____

Circuit Board Access Controls

Testing of Question 38 is required.

Scope: Examine one slot machine's circuit board.

38. For all slot machines with potential jackpots in excess of \$100,000:			
a. Are the circuit boards locked or physically sealed?	_____	_____	_____
b. Does the lock or seal necessitate the presence of an individual independent of the slot department to access the device game program EPROM?	_____	_____	_____
c. If a seal is used to secure the board to the frame of the gaming device, is it identifiable (e.g., pre-numbered)?	_____	_____	_____

Slot Machine Drop Keys

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
39. Does the physical custody of the keys needed to access slot machine coin drop cabinets, including duplicates, require the involvement of two persons, one of whom is independent of the slot department? State the department(s).	_____	_____	_____
Note: For Group II licensees, both persons needed to access slot machine coin drop cabinet keys may be slot department employees.			
40. Are two employees (separate from key custodian) required to accompany such keys while checked out and observe each time slot machine drop cabinets are accessed, unless surveillance is notified each time keys are checked out and surveillance observes the person throughout the period the keys are checked out?	_____	_____	_____

Currency Acceptor Keys

41. Currency Acceptor Drop Box Release Keys

- | | | | |
|---|-------|-------|-------|
| a. Are only the employees authorized to remove the currency acceptor drop boxes allowed access to the release keys? | _____ | _____ | _____ |
| <u>b.</u> For situations which require access to the currency acceptor drop box at other than scheduled drop times, are the date, time, and signature of employee signing out/in release key documented? | _____ | _____ | _____ |
| c. Are the currency acceptor drop box release keys separately keyed from the currency acceptor contents keys? | _____ | _____ | _____ |

42. Currency Acceptor Drop Box Storage Rack Keys

Are two persons required to accompany such keys and observe each time drop boxes are placed in storage racks?	_____	_____	_____
---	-------	-------	-------

43. Currency Acceptor Drop Box Contents Keys

- | | | | |
|---|-------|-------|-------|
| a. Does the physical custody of the keys needed for accessing currency acceptor drop box contents require involvement of persons from three separate departments? State the departments. | _____ | _____ | _____ |
|---|-------|-------|-------|

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
b. Does access to the contents key at other than scheduled count times require the following:			
1) The involvement of at least three employees from separate departments, including management? State the departments.	_____	_____	_____
<u>2)</u> The reason for access documented with the signatures of all participants and observers?	_____	_____	_____
44. Currency Acceptor Count Room Keys			
Are at least three count team members required to be present at the time count room and other count keys are issued for the count?	_____	_____	_____
<u>45.</u> Duplicate Keys			
a. Are duplicate keys maintained in such a manner as to provide the same degree of control over drop boxes as is required for the original keys? Describe how maintained.	_____	_____	_____
<u>b.</u> Are records maintained for each key duplicated which indicate the number of keys made and destroyed?	_____	_____	_____

Player Tracking

Affirmative answers to the following questions are required if cash or the cost of personal property distributed to patrons is deducted from slot revenue.

46. Is the player tracking system secured so as to prevent unauthorized access (e.g., changing passwords at least quarterly and physical access to computer hardware, etc.)?	_____	_____	_____
<u>47.</u> Is the addition of points to members' accounts other than through actual slot machine play:			
a. Sufficiently documented (including substantiation of reasons for increases)?	_____	_____	_____
b. Authorized by either:			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
1) A department independent of the player tracking and slots?	_____	_____	_____
2) Slot supervisory employees if sufficient documentation is generated and it is randomly verified by employees independent of the slot department on a quarterly basis?	_____	_____	_____
48. Do booth employees who redeem points for members not have access to lost cards?	_____	_____	_____
49. Are changes to the player tracking system parameters, such as point structures and employee access, performed by either:			
a. Supervisory employees independent of the slot department?	_____	_____	_____
b. Slot supervisory employees if sufficient documentation is generated and it is randomly verified by supervisory employees independent of the slot department on a monthly basis?	_____	_____	_____
<u>50.</u> Are all other changes to the player tracking system appropriately documented?	_____	_____	_____

Wide Area Progressive Slot Machines (Inter-Casino Linked Progressives)

Note: Questions 51-53 apply to licensees who share inter-casino linked progressives with affiliates (i.e., the main computer for the linked progressives is under the control of the licensee or its affiliates).

51. Is the wide area progressive system adequately restricted to prevent unauthorized access (e.g., changing passwords at least quarterly, access to EPROMs, and physical access to computer hardware, etc.)?	_____	_____	_____
<u>52.</u> Are procedures developed, implemented, and documented for:			
a. Reconciliation of meters and jackpot payouts?	_____	_____	_____
b. Collection/drop of slot machine funds?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
c. Jackpot verification and payment and billing to casinos on pro-rata basis?	_____	_____	_____
d. System maintenance?	_____	_____	_____
e. System accuracy?	_____	_____	_____
53. Are reports adequately documenting the procedures above generated and retained?	_____	_____	_____
<i>Slot Accounting/Auditing Procedures</i>			
54. Are slot accounting/auditing procedures performed by employees who are independent of the transactions being reviewed?	_____	_____	_____
55. For computerized player tracking systems, does an accounting/auditing employee perform the following procedures at least one day per month:			
a. Foot all points-redeemed documentation and trace to the system-generated totals?	_____	_____	_____
b. Review all points-redeemed documentation for propriety?	_____	_____	_____
Note: The above question only applies if cash or the cost of personal property distributed to patrons is deducted from slot revenue.			
56. For computerized slot monitoring systems, are procedures performed at least monthly to verify:			
a. That the system is transmitting and receiving data from the slot machines properly?	_____	_____	_____
b. The continuing accuracy of the coin-in meter readings as recorded in the slot statistical report?	_____	_____	_____
57. For weigh scale interface systems, for a least one drop period per month, do accounting/auditing employees compare the weigh tape to the system-generated weigh, as recorded in the slot statistical report, in total, and resolve discrepancies prior to generation/distribution of slot reports?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
58. At least weekly, do accounting/auditing employees compare the bill-in meter reading to the total currency acceptor drop amount for the week and resolve discrepancies prior to the generation/distribution of slot statistical reports?	_____	_____	_____
59. For any one machine having an unresolved variance in excess of \$200 between actual drop and bill-in meter reading:			
a. Is follow-up performed?	_____	_____	_____
b. Are the follow-up performed and results of investigation documented and maintained?	_____	_____	_____
60. Is the gross gaming revenue reported monthly on the NGC tax returns reconciled to the win in the slot analysis report by denomination?	_____	_____	_____
61. At least annually, do accounting/auditing personnel randomly verify that EPROM changes are properly reflected in the slot analysis reports?	_____	_____	_____
62. Do accounting/auditing employees review exception reports for all computerized slot systems on a daily basis for propriety of transactions and unusual occurrences?	_____	_____	_____
63. Are all slot auditing procedures and any follow-up performed documented and maintained?	_____	_____	_____
Other			
64. For all computerized slot systems is a personnel access listing maintained which includes at a minimum:			
a. Employee name?	_____	_____	_____
b. Employee identification number (or equivalent)?	_____	_____	_____
c. Listing of functions employee can perform or equivalent means of identifying same?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

Client _____ Audit _____ Prepared _____
Name: _____ Period: _____ By: _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's slot hard drop and count procedures are in compliance with the Slot Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Observations of all procedures are required for completion of this checklist. Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Note 1: The controls in effect for participation machines will provide at least the level of control described by these standards.

Note 2: One slot route operator's employee may be used to fill the employee requirements except in a supervisory capacity.

Note 3: Any Board-authorized computer applications that provide alternate documentation and/or procedures which achieve the objectives of the MICS will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability.

Indicate weigh scale test results:

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

Denomination	Predetermined Amount (1)	Amount per Weigh Scale (2)	Variance (1) - (2)

Yes No W/P
Ref.

Coin Drop Standards

1. Are a minimum of three employees (**two for Group II licensees**) involved in the removal of the slot drop, at least one of whom is independent of the slot department? _____
2. Is security provided over the buckets removed from the slot drop cabinets prior to being transported to the count room? _____
3. If more than one trip is required to remove the slot drop from all of the machines, are the filled carts or coins either locked in the count room or secured in another equivalent manner? _____

Equipment Standards

4. Is the weigh scale calibration module secured so as to prevent unauthorized access (e.g., prenumbered seal, lock and key, etc.)? _____
5. Is someone independent of the cage, vault, slot, and count team functions required to be present whenever the calibration module is accessed? _____
6. Is such access documented and maintained? _____
7. If a weigh scale interface is used, is it adequately restricted so as to prevent unauthorized access (passwords, keys, etc.)? _____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
8. If the weigh scale has a zero adjustment mechanism, is it either physically limited to minor adjustments (e.g., weight of a bucket) or physically situated such that any unnecessary adjustments to it during the weigh process would be observed by other count team members?	_____	_____	_____
9. Are the weigh scale and weigh scale interface (if applicable) tested by someone who is independent of the cage, vault and slot departments and count team at least on a quarterly basis with the test results being documented?	_____	_____	_____
10. During the slot count do at least two employees verify the accuracy of the weigh scale with varying weights or with varying amounts of previously counted coin for each denomination to ensure the scale is properly calibrated? (Varying weights/coin from drop to drop is acceptable.)	_____	_____	_____
11. Are the preceding weigh scale and weigh scale interface test results documented and maintained?	_____	_____	_____
12. If a mechanical coin counter is used (instead of a weigh scale), are procedures equivalent to those described in Questions 9-11 above?	_____	_____	_____

Slot Count and Wrap Standards

13. Is the weigh/count performed by a minimum of three employees (two employees for Group II licensees)?	_____	_____	_____
14. At no time during the weigh/count are there fewer than three employees (two for Group II's) in the count room?	_____	_____	_____
15. Is the slot count team independent of the slot department and the subsequent accountability of slot count proceeds unless they are nonsupervisory slot employees and perform the laborer function only? (A nonsupervisory slot employee is defined as a person below the level of slot shift supervisor.)	_____	_____	_____
16. Are the following functions performed in the counting of the slot drop: a. Recorder function which involves the recording of the slot count?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
b. Count team supervisor function which involves the control of the slot weigh and wrap process?	_____	_____	_____
Note: For Group I licensees, the supervisor is precluded from performing the initial recording of the weigh/count unless a weigh scale with a printer is used.			
17. Is the amount of the slot drop from each machine either:			
a. Recorded in ink on a slot count document by the recorder or mechanically printed by the weigh scale?	_____	_____	_____
b. Transferred via direct line or computer storage media? (Applies to weigh scale interfaces only.)	_____	_____	_____
18. Do the recorder and at least one other count team member sign the weigh tape and the slot count document attesting to the accuracy of the weigh/count?	_____	_____	_____
19. In the weigh/count and/or wrap process:			
a. Do at least three employees (two for Group II's) who participate sign the slot count document or a summary report to attest to their presence?	_____	_____	_____
b. If all other count team members do not sign the slot count document or a summary report, do they sign a supplemental document evidencing their participation?	_____	_____	_____
20. Are the coins wrapped and reconciled in a manner which precludes the commingling of slot drop coin with coin (for each denomination) from the next slot drop?	_____	_____	_____
21. Are at least two employees present throughout the wrapping of the slot drop?	_____	_____	_____
Note: If the slot <u>count</u> is conducted with a continuous mechanical count meter which is not reset during the count and is verified in writing by at least three employees (two employees for Group II licensees) at the start and end of each denomination count, then one employee may perform the wrap.			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
22. If the coins are not wrapped immediately after being weighed/counted, are they secured and not commingled with other coin?	_____	_____	_____
Note: The term wrapped slot drop includes wrapped, bagged (with continuous meter verification), and racked coin/tokens.			
23. If the coins are transported off the property, is a second (alternative) count procedure performed before the coins leave the property, and any variances documented?	_____	_____	_____
24. Are transfers out of the count room during the slot count and wrap process either:			
a. Strictly prohibited?	_____	_____	_____
b. If transfers are permitted during the count and wrap, is each transfer recorded on a separate multi-part form with a preprinted or concurrently-printed form number (used solely for slot count transfers) which is subsequently reconciled by the accounting department to ensure the accuracy of the reconciled wrapped slot drop?	_____	_____	_____
25. Are transfers, as noted above, counted and signed for by at least two members of the count team and by someone independent of the count team who is responsible for authorizing the transfer?	_____	_____	_____

If the count room serves as a coin room and coin room inventory is not secured so as to preclude access by the count team, then the next two Questions must be answered:

26. At the commencement of the slot count:			
a. Is the coin room inventory counted by at least two employees, one of whom is a member of the count team and the other is independent of the weigh/count and wrap procedures?	_____	_____	_____
b. Is the above count recorded on an appropriate inventory form?	_____	_____	_____
27. Upon completion of the wrap of the slot drop:			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
a. Do at least two members of the count team (wrap team), independently from each other, count the ending coin room inventory?	_____	_____	_____
b. Are the above counts recorded on a summary report(s) which evidences the calculation of the final wrap by subtracting the beginning inventory from the sum of the ending inventory and transfers in and out of the coin room?	_____	_____	_____
c. Do the same count team members as discussed above compare the calculated wrap to the weigh/count, recording the comparison and noting any variances on the summary report?	_____	_____	_____
d. Does a member of the cage/vault department count the ending coin room inventory by denomination and reconcile it to the beginning inventory, wrap, transfers and weigh/count?	_____	_____	_____
e. At the conclusion of the reconciliation, do at least two count/wrap team members and the verifying employee sign the summary report(s) attesting to its accuracy? Obtain a copy of the summary report(s) for inclusion in the workpapers.	_____	_____	_____

Note: For Group II licensees the functions described above at 27 a and c may be performed by only one count team member. That count team member must then sign the summary report, along with the verifying employee, as required under 27 e.

If the count room is segregated from the coin room, or if the coin room is used as a count room and the coin room inventory is secured to preclude access by the count team, the following Question must be answered:

28. Upon completion of the wrap of the slot drop:

a. Do at least two members of the count/wrap team count the final wrapped slot drop independently from each other?	_____	_____	_____
b. Are the above counts recorded on a summary report?	_____	_____	_____
c. Do the same count team members as discussed above (or the accounting department) compare the final wrap to the weigh/count recording the comparison and noting any variances on the summary report?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
d. Does a member of the cage/vault department count the wrapped slot drop by denomination and reconcile it to the weigh/count?	_____	_____	_____
<u>e.</u> At the conclusion of the reconciliation, do at least two count team members and the cage/vault employee sign the summary report attesting to its accuracy? Obtain a copy of the summary report for inclusion in the workpapers.	_____	_____	_____
f. Are the wrapped coins (exclusive of proper transfers) transported to the cage, vault or coin vault after the reconciliation of the weigh/count to the wrap?	_____	_____	_____
Note: For Group II licensees the functions described above at 28 a and c may be performed by only one count team member. That count team member must then sign the summary report, along with the verifying employee, as required under 28 e.			
29. Are large (by denomination, either \$1,000 or 2% of the drop, whichever is less) or unusual (e.g., zero for weigh count or patterned for all counts) variances between the weigh/count and wrap investigated by management personnel independent of the slot department, count team and the cage/vault functions on a timely basis?	_____	_____	_____
<u>30.</u> Are the results of such investigation documented and maintained?	_____	_____	_____
31. Is all slot count and wrap documentation, including any applicable computer storage media, either:			
a. Immediately delivered to the accounting department by other than the cashier's department?	_____	_____	_____
b. Adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department?	_____	_____	_____
<u>32.</u> Are corrections on slot count documentation made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team employees?	_____	_____	_____
<u>33.</u> If a weigh scale interface is used, are corrections to slot count data made using either of the following:			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

SLOTS - HARD DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
a. Crossing out the error on the slot document, entering the correct figure, and then obtaining the initials of at least two count team employees?	_____	_____	_____
1) If this procedure is used, does an employee independent of the slot department and count team enter the correct figure into the computer system prior to the generation of related slot reports?	_____	_____	_____
b. During the count process, correct the error in the computer system and enter the passwords of at least two count team employees?	_____	_____	_____
1) If this procedure is used, is an exception report generated by the computer system identifying the slot machine number, the error, the correction and the count team employees testifying to the correction?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

**SLOTS - CURRENCY ACCEPTOR DROP AND COUNT
OBSERVATION**

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
<i>Currency Acceptor Drop and Count Standards</i>			
1. Are the currency acceptor drop boxes removed by an employee independent of the slot department, then transported directly to the soft count room or other similarly restricted location and locked in a secure manner until the count takes place?	_____	_____	_____
2. Is the transporting of currency acceptor drop boxes performed by a minimum of two employees, at least one of whom is independent of the slot department?	_____	_____	_____
3. Is the currency acceptor count performed in the soft count room or equivalently secure area with comparable controls?	_____	_____	_____
4. Is the currency acceptor count performed by a minimum of three employees?	_____	_____	_____
Note: For Group II licensees a minimum of two persons may perform the count provided the count is viewed either live or on videotape within seven days by an employee independent of the count.			
5. Is the currency acceptor count team independent of transactions being reviewed and counted, and the subsequent accountability of currency drop proceeds?	_____	_____	_____
Note: A cage cashier may be used if this person is not allowed to perform the recording function. An accounting representative may be used if there is an independent audit of all currency acceptor count documentation.			
6. Are the currency acceptor drop boxes individually emptied and counted in such a manner as to prevent the commingling of funds between boxes until the count of the box has been recorded?	_____	_____	_____
<u>7.</u> Is the count of each box recorded in ink or other permanent form of recordation?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

**SLOTS - CURRENCY ACCEPTOR DROP AND COUNT
OBSERVATION**

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
8. If currency counters are utilized and the count room table is used only to empty boxes and sort/stack contents, is a count team member able to witness the loading and unloading of all currency at the currency counter, including rejected currency?	_____	_____	_____
9. Are drop boxes, when empty, shown to another member of the count team, to another person who is observing the count, or to recorded or live surveillance, provided the count is monitored in its entirety by someone independent of the count?	_____	_____	_____
10. Are corrections to information originally recorded by the count team on currency acceptor count documentation made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members who verified the change?	_____	_____	_____
11. Is the count sheet reconciled to the total drop by a count team member who does not function as the sole recorder?	_____	_____	_____
12. Do all members of the count team attest by signature (if applicable, two signatures for Group II's) to the accuracy of the currency acceptor drop count? Three verifying signatures on the count sheet are adequate if all additional count team employees sign a supplemental document evidencing their involvement in the count process.	_____	_____	_____
13. Are all monies that were counted turned over to the cage cashier (who is independent of the count team) or to an employee independent of the revenue generation and the count process for verification?	_____	_____	_____
14. Does the above mentioned employee certify by signature as to the accuracy of the currency delivered and received?	_____	_____	_____
15. Is access to stored full drop boxes restricted to authorized members of the drop and count teams?	_____	_____	_____
16. Is access to the count room restricted to members of the drop and count teams, excluding authorized observers, supervisors for resolution of problems, and authorized maintenance personnel?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

**SLOTS - CURRENCY ACCEPTOR DROP AND COUNT
OBSERVATION**

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
17. Is the count sheet, with all supporting documents, either:			
a. Promptly delivered to the accounting department by a count team member or someone other than the cashiers department?	_____	_____	_____
b. Adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department?	_____	_____	_____
18. Obtain a copy of the count sheet summary totals for inclusion in the workpapers.	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
<i>Credit Play</i>			
There are two basic credit play systems available. A marker system allows for credit to be both issued and repaid in the pit. A name credit system allows for the issuance of credit without using markers.			
<i>Marker Credit Play (Exclusive of rim credit and call bets)</i>			
1. Prior to the issuance of gaming credit to a player, does the employee extending the credit contact the cashier or other independent source to determine if the player's credit limit has been properly established and there is sufficient remaining credit available for the advance?	_____	_____	_____
<u>2.</u> Is proper authorization of credit extension in excess of the previously established limit documented?	_____	_____	_____
3. Is the amount of credit extended communicated to the cage or another independent source and the amount documented within a reasonable time subsequent to each issuance?	_____	_____	_____
<u>4.</u> Is the marker form in at least triplicate form (triplicate form being defined as three parts performing the functions delineated in the question below), with a preprinted or concurrently-printed marker number, and utilized in numerical sequence?	_____	_____	_____
Note: This requirement does not preclude the distribution of batches of markers to various pits.			
5. Are at least three parts of each separately numbered marker form utilized as follows:			
a. Original - Maintained in the pit until settled or transferred to the cage?	_____	_____	_____
b. Payment Slip - Maintained in the pit until the marker is settled or transferred to the cage. If paid in the pit, the slip is inserted in the table drop box. If not paid, the slip is transferred to the cage with the original?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
c. Issue Slip - Inserted into the appropriate table drop box when credit is extended or when the player has signed the original?	_____	_____	_____
6. When marker documentation (e.g., issue slip and payment slip) is inserted in the drop box, is such action performed by the dealer at the table?	_____	_____	_____
<u>7.</u> Is a record maintained which details the following (e.g., master credit record retained at the pit podium.):			
a. The signature or initials of the individual(s) approving the extension of credit (unless such information is contained elsewhere for each issuance)?	_____	_____	_____
b. The legible name of the individual receiving the credit?	_____	_____	_____
c. The date and shift of granting the credit?	_____	_____	_____
d. The table on which the credit was extended?	_____	_____	_____
e. The amount of credit issued?	_____	_____	_____
f. The marker number?	_____	_____	_____
g. The amount of credit remaining after each issuance or the total credit available for all issuances?	_____	_____	_____
h. The amount of payment received and nature of settlement (e.g., credit slip number, cash, chips, etc.)?	_____	_____	_____
i. The signature or initials of the individual receiving payment/settlement?	_____	_____	_____
8. Are the above mentioned forms safeguarded, and adequate procedures employed to control the distribution, use, and access to these forms?	_____	_____	_____
9. Are all credit extensions initially evidenced by lammer buttons which are displayed on the table in public view and placed there by supervisory personnel?	_____	_____	_____
10. Is marker preparation initiated and other records updated within approximately one hand of play following the initial issuance of credit to the player?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
11. Are lammer buttons removed only by the dealer employed at the table upon completion of a marker transaction?	_____	_____	_____
12. Does the original marker contain at least the following information: marker number, player's name and signature, date (in compliance with Nevada Revised Statutes), and amount of credit issued?	_____	_____	_____
13. Does the issue slip or stub include:			
a. The same marker number as the original, the table number, date and time of issuance, and amount of credit issued?	_____	_____	_____
b. The signature of the individual extending the credit, and the signature or initials of the dealer at the applicable table, unless this information is included on another document verifying the issued marker?	_____	_____	_____
14. Does the payment slip include:			
a. The same marker number as the original?	_____	_____	_____
b. The table number where paid, date and time of payment, nature of settlement (cash, chips, etc.) and amount of payment (if the marker is paid in full in the pit)?	_____	_____	_____
c. The signature of a pit supervisor acknowledging payment, and the signature or initials of the dealer receiving payment, (unless this information is included on another document verifying the payment of the marker)?	_____	_____	_____
15. When partial payments are made in the pit, is a new marker completed reflecting the remaining balance and the marker number of the marker originally issued?	_____	_____	_____
16. When partial payments are made in the pit, is the payment slip of the marker which was originally issued properly cross-referenced to the new marker number, completed with all information required by Question 14, and inserted into the drop box?	_____	_____	_____
17. Is the cashier's cage or another independent source notified:			
a. When payments (full or partial) are made in the pit so that cage records can be updated for such transactions?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. When the patron's play is completed or at shift end, whichever is earlier?	_____	_____	_____
18. Are all portions of markers, both issued and unissued, safeguarded and are procedures employed to control the distribution, use and access to the forms?	_____	_____	_____
19. Is an investigation performed to determine the cause and responsibility for loss whenever marker forms, or any part thereof, are missing?	_____	_____	_____
20. Is the result of such investigation documented?	_____	_____	_____
21. When markers are transferred to the cage, are marker transfer forms or marker credit slips (or similar documentation) utilized and do such documents include, at a minimum, the date, time, shift, marker number(s), table number(s), amount of each marker, the total amount transferred, signature of pit supervisor releasing instruments from the pit, and the signature of cashier verifying receipt of instruments at the cage?	_____	_____	_____
22. Are all markers transferred to the cage within 24 hours of issuance?	_____	_____	_____
23. Are markers transported to the cashier's cage by an individual who is independent of the marker issuance and payment functions (pit clerks may perform this function)?	_____	_____	_____

Name Credit Play

If personal checks, payroll checks, counter checks, hold checks or any other name credit instruments are accepted in the pit, then Questions 24 through 28 must be answered. Travelers checks and guaranteed drafts are handled as any other name credit unless a different treatment is allowed by regulation.

24. Prior to accepting a name credit instrument, does the employee extending the credit contact the cashier or another independent source to determine if the player's credit limit has been properly established and the remaining credit available is sufficient for the advance?	_____	_____	_____
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STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
25. Are all name credit instruments transferred to the cashier's cage (utilizing a two-part order for credit) immediately following the acceptance of the instrument and issuance of chips?	_____	_____	_____
Note: If name credit instruments are transported with a credit slip, an order for credit is not required.			
26. Does the order for credit (if applicable) and the credit slip include the patron's name, amount of the credit instrument, the date, time, shift, table number, signature of pit supervisor releasing instrument from pit, and the signature of cashier verifying receipt of instrument at the cage?	_____	_____	_____
27. Are the procedures for transacting table credits at questions 55 through 60 and 62 through 64 strictly adhered to?	_____	_____	_____
28. Is the acceptance of payments in the pit for name credit instruments prohibited?	_____	_____	_____

Foreign Currency

If foreign currency is accepted in the pit, then Questions 29 through 32 must be answered.

29. Are foreign currency transactions authorized by a pit supervisor/boxman?	_____	_____	_____
30. Does the supervisor/boxman complete a foreign currency exchange form prior to the exchange for chips or tokens?	_____	_____	_____
31. Do foreign currency exchange forms include the country of origin, total face value, amount of chips/tokens extended (i.e., conversion amount), signature of supervisor/boxman, and the dealer completing the transaction?	_____	_____	_____
32. Are foreign currency exchange forms and the foreign currency inserted in the drop box by the dealer?	_____	_____	_____

Call Bets

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
A call bet is a wager made without chips or cash and includes marked bets (which are supplemental bets made during a hand of play). For the purpose of settling a call bet, a hand of play in craps is defined as a natural winner (e.g., a seven or eleven on the come-out roll), a natural loser (e.g., a two, three or twelve on the come-out roll), a seven-out, or the player making his point, whichever comes first.			
Inquiries of Questions 33-37 should be made in the craps, twenty-one and baccarat pits.			
33. Is a call bet evidenced by the placement of a lammer button, chips, or other identifiable designation in an amount equal to that of the wager in a specific location on the table?	_____	_____	_____
34. Is the placement of the lammer button, chips, or other identifiable designation performed:			
a. By supervisory/boxmen personnel? or	_____	_____	_____
b. By a dealer, if the supervisor physically observes and gives specific authorization?	_____	_____	_____
35. Is the call bet settled at the end of each hand of play by:			
a. The preparation of a marker? or	_____	_____	_____
b. The repayment of the credit extended? or	_____	_____	_____
c. The payoff of the winning wager?	_____	_____	_____
36. Is a call bet extending beyond one hand of play prohibited?	_____	_____	_____
37. Is the removal of the lammer button, chips, or other identifiable designation performed by the dealer/boxman upon completion of the call bet transaction?	_____	_____	_____

Rim Credit

Rim credit is all extensions of credit that are not evidenced by the immediate preparation of a marker but does not include call bets.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
Inquiries of Questions 38 and 39 should be made in the craps, twenty-one and baccarat pits.			
38. Is rim credit evidenced by:			
a. The issuance of chips to be placed in a neutral zone on the table and then extended to the patron for the patron to wager, or to the dealer to wager for the patron?	_____	_____	_____
b. The placement of a lammer button or other identifiable designation in an amount equal to that of the chips extended?	_____	_____	_____
39. Is rim credit recorded on player cards, or similarly used documents, which are/have:			
a. Prenumbered or concurrently numbered and accounted for by a department independent of the pit?	_____	_____	_____
b. All extensions and subsequent repayments recorded individually and are evidenced by the initials or signatures of a supervisor and the dealer attesting to the validity of each credit extension and repayment?	_____	_____	_____
c. An indication of the settlement method (e.g., serial number of marker issued, chips, cash)?	_____	_____	_____
d. Settled no later than when the patron leaves the table at which the card is prepared?	_____	_____	_____
e. Transferred to the accounting department on a daily basis?	_____	_____	_____
f. Reconciled with other forms utilized to control the issuance of pit credit (e.g., master credit records, table cards)?	_____	_____	_____

Fills and Credits

40. Are fill/credit slips in at least triplicate form, in a continuous numerical series, and prenumbered or concurrently numbered in a form utilizing the alphabet and only in one series at a time?	_____	_____	_____
The alphabet need not be used if the numerical series is not repeated during the business year.			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
41. Are unissued and issued fill/credit slips safeguarded and are adequate procedures employed in the distribution, use and control of same?	_____	_____	_____
Note: This question does not apply to Group II licensees.			
42. Do personnel from the cashier or pit departments have no access to the locked box copies of the fill/credit slips?	_____	_____	_____
43. When a fill/credit slip is voided, does the cashier clearly mark void across the face of the original and first copy, the cashier and one other person sign both the original and first copy, and submit them to the accounting department for retention and accountability?	_____	_____	_____
44. Are fill transactions authorized by a pit supervisor prior to the issuance of fill slips and transfer of chips, tokens, or monetary equivalents?	_____	_____	_____
45. Are at least three parts of each fill slip utilized as follows:	_____	_____	_____
a. One part is transported to the pit with the fill and, after the appropriate signatures are obtained, deposited in table drop box?	_____	_____	_____
b. One part is retained in the cage for reconciliation of cashier bank?	_____	_____	_____
c. One part is retained intact by the locked machine in a continuous unbroken form?	_____	_____	_____
46. For Group I licensees is the part of the fill slip that is placed in the drop box of a different color for fills than for credits, unless the type of transaction is clearly distinguishable in another manner? (The checking of a box on the form is not a clearly distinguishable indicator.)	_____	_____	_____
Testing of fills for compliance with Questions 47-49 is required.			
Scope: Select all fill slips for one shift (with a maximum of 30) per day for 2 days. Test days must be in non-consecutive months.			
47. Is the table number, shift, and amount of fill by denomination and in total noted on all copies of the fill slip.?	_____	_____	_____
48. Is the correct date and time indicated on at least two copies of the fill slip?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
49. Is the fill slip signed by at least the following individuals (as an indication that each has counted the amount of the fill and the amount agrees with the fill slip):			
a. Cashier - Who prepared the fill slip and issued the chips, tokens, or monetary equivalent?	_____	_____	_____
b. Runner - Who carried the chips, tokens, or monetary equivalents from the cage to the pit?	_____	_____	_____
c. Dealer - Who received the chips, tokens, or monetary equivalents at the gaming table?	_____	_____	_____
d. Pit Supervisor - Who supervised the fill transaction?	_____	_____	_____
50. Are all fills carried from the cashier's cage by an individual who is independent of the transaction?	_____	_____	_____
51. Are fills either broken down or verified by the dealer in public view before the dealer places the fill in the table tray?	_____	_____	_____
52. Are fill slips inserted in the drop box by the dealer?	_____	_____	_____
53. When table credits are transacted, is a two-part order for credit prepared for transferring chips, tokens or monetary equivalents from the pit to the cashier area or other secure area of accountability?	_____	_____	_____
Note: If chips, tokens, and monetary equivalents are transported with a credit slip, an order for credit is not required.			
54. Is the duplicate copy of an order for credit retained in the pit to check the credit slip for proper entries and to document the total amount of chips, tokens, and monetary equivalents removed from the table?			
55. Are at least three parts of each credit slip utilized as follows:			
a. One part is retained in the cage for reconciliation of the cashier bank?	_____	_____	_____
b. One part is transported to the pit by the runner who brought the chips, tokens, markers, or monetary equivalents from the pit to the cage, and after the appropriate signatures are obtained, deposited in the table drop box?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
c. One part is retained by the locked machine intact in a continuous unbroken form?	-----	-----	-----
56. For Group I licensees is the part of the credit slip that is placed in the drop box is of a different color for fills than for credits, unless the type of transaction is clearly distinguishable in another manner? (The checking of a box on the form is not a clearly distinguishable indicator.)	-----	-----	-----
57. Are chips, tokens and/or monetary equivalents removed from the table tray by the dealer and either broken down or verified by the dealer in public view prior to placing them in racks for transfer to the cage?	-----	-----	-----
58. Are all chips, tokens, and monetary equivalents removed from the tables and markers removed from the pit carried to the cashier's cage by an individual who is independent of the transaction?	-----	-----	-----
59. Is the credit slip inserted in the drop box by the dealer?	-----	-----	-----
60. Are chips, tokens, or other monetary equivalents deposited on or removed from gaming tables only when accompanied by the appropriate fill/credit or marker transfer forms?	-----	-----	-----
61. Are inadequately documented cross-fills and even money exchanges in the pit prohibited?	-----	-----	-----
Testing of credits for compliance with Questions 62-64 is required.			
Scope: Select all credit slips for one shift (with a maximum of 30) per day for 2 days. Test days must be in non-consecutive months.			
<u>62.</u> Is the table number, shift, and the amount of credit by denomination and in total noted on all copies of the credit slip?	-----	-----	-----
<u>63.</u> Is the correct date and time indicated on at least two copies of the credit slip?	-----	-----	-----
<u>64.</u> Is the credit slip signed by at least the following individuals (as an indication that each has counted or, in the case of markers, reviewed the items transferred):			
a. Cashier - Who received the items transferred from the pit and prepared the credit slip?	-----	-----	-----

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Runner - Who carried the items transferred from the pit to the cage and returned to the pit with the credit slip?	_____	_____	_____
c. Dealer - Who had custody of the items prior to transfer to the cage?	_____	_____	_____
d. Pit Supervisor - Who supervised the credit transaction?	_____	_____	_____

Key Controls

65. Is the involvement of at least two individuals independent of the cage department required to access stored empty drop boxes? **State which department(s).**

66. Drop Box Release Keys

Note: This question does not apply to Group II licensees.

- a. Are drop box release keys maintained by a department independent of the pit department? **State the department.**
- b. Is only the person authorized to remove drop boxes from the tables allowed access to the release keys?
The count team members may have access to the release keys during the soft count in order to reset the drop boxes.
- c. Are persons authorized to drop the table games drop boxes precluded from having access to drop box contents keys?

67. Drop Box Storage Rack Keys

- a. Is someone independent of the pit department required to accompany such keys and observe each time drop boxes are removed from or placed in storage racks? **State which department.**
- Note: This requirement does not apply to Group II licensees.**
- b. Are persons authorized to obtain drop box storage rack keys precluded from having access to drop box contents keys (with the exception of the count team)?

- 68.** Drop Box Contents Keys

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
a. Does the physical custody of the keys needed for accessing stored full drop box contents require the involvement of persons from three separate departments? State the departments.	_____	_____	_____
b. Does access to the contents key at other than scheduled count times require the involvement of at least three persons from separate departments, including management? State the departments.	_____	_____	_____
<u>c.</u> For access at other than scheduled count times, is the reason for access documented with the signatures of all participants and observers?	_____	_____	_____
69. Count Room Keys Are at least three (two for three tables or less) count team members required to be present at the time count room and other soft count keys are issued for the soft count?	_____	_____	_____
<u>70.</u> Duplicate Keys			
a. Are all duplicate keys maintained in a manner which provides the same degree of control over drop boxes as is required for the original keys? Describe how maintained.	_____	_____	_____
<u>b.</u> Are records maintained for each key duplicated which indicate the number of keys made and destroyed?	_____	_____	_____

Table Games Computer Generated Documentation

71. Is the computer system capable of generating adequate documentation of all information recorded on the source documents and transaction detail (e.g., fill/credit slips, markers, etc.)?	_____	_____	_____
72. Is this documentation restricted to authorized personnel?	_____	_____	_____
<u>73.</u> Does the documentation include, at a minimum:			
a. System exception information (e.g., appropriate system parameter information, corrections, voids, etc.)?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Personnel access listing which includes at a minimum:			
1) Employee name?	_____	_____	_____
2) Employee identification number?	_____	_____	_____
3) Listing of functions employee can perform or equivalent means of identifying same?	_____	_____	_____

Miscellaneous

74. Are playing cards and dice, not yet issued to the pit, maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering?	_____	_____	_____
75. Do pit supervisory personnel (with authority equal to or greater than those being supervised) provide supervision of all table games?	_____	_____	_____

Statistics

76. Are records maintained by day and shift indicating any single-deck blackjack games which were dealt for an entire shift?	_____	_____	_____
77. Are records reflecting statistical drop, statistical win and statistical win to statistical drop hold percentage by table and type of game maintained by shift, by day, cumulative month-to-date, and cumulative year to date?	_____	_____	_____

Note 1: Statistical drop can be computed by either of the following methods:

Drop (per Regulation 1.095), (+) marker credit slips, (+) pit credit repaid with chips in the pit.

or

Drop (per Regulation 1.095), (+) pit credit issues, (-) pit credit issues not in exchange for chips, (-) pit credit repaid with cash in the pit.

Note 2: Statistical win = table games gross revenue [per Regulation 6.110(1)], (+) marker credit slips.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
78. Is this information presented to and reviewed by management independent of the pit department on at least a monthly basis?	_____	_____	_____
79. Does the above referenced management investigate any unusual statistical fluctuations with pit supervisory personnel?	_____	_____	_____
80. At a minimum, are investigations performed for all statistical percentage fluctuations from the base level (for types of table games with more than two licensed tables) for a month in excess of:			
a. +/- 3% for locations with \$10 million or more in annual table games gross gaming revenue?	_____	_____	_____
b. +/- 5% for locations with less than \$10 million in annual table games gross gaming revenue?	_____	_____	_____
The base level is defined as the licensee's statistical win to statistical drop percentage for either the previous business year or previous 12 months.			
81. Are the results of such investigations documented in writing and maintained?	_____	_____	_____

Table Games Accounting/Auditing

82. Are the table games accounting and auditing procedures performed by personnel who are independent of the transactions being audited/accounted for?	_____	_____	_____
83. Is a daily recap prepared for the day and month-to-date which includes the following information necessary to prepare the NGC tax returns:			
a. Pit credit issues?	_____	_____	_____
b. Pit credit payments in chips?	_____	_____	_____
c. Pit credit payments in cash?	_____	_____	_____
d. Drop?	_____	_____	_____
e. Win?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - GENERAL WALK-THROUGH

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
f. Gross Revenue?	_____	_____	_____
84. If a table game has the capability to determine drop (e.g., bill-in/coin-drop meters, bill validator, computerized record, etc.) is the dollar amount of the drop reconciled to the actual drop by shift?	_____	_____	_____
85. Do accounting/auditing employees review exception reports for all computerized table games systems at least monthly for propriety of transactions and unusual occurrences?	_____	_____	_____
86. Are all noted improper transactions or unusual occurrences investigated with the results documented?	_____	_____	_____
87. Is evidence of table games auditing procedures and any follow-up performed maintained?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - SOFT DROP AND COUNT OBSERVATION

Client _____ Audit _____ Prepared _____
Name: _____ Period: _____ By: _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's table games soft drop and count procedures are in compliance with the Table Games Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Observations of all procedures are required for completion of this checklist. Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Note 1: Throughout the table games section all references to dealers include boxmen.

Note 2: For any Board-authorized computer applications, alternate documentation and/or procedures which achieve the objectives of the Minimum Internal Control Standards will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability.

Note 3: The term shift refers to an 8-hour interval unless otherwise approved by the Board.

Yes No W/P
Ref.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - SOFT DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
<i>Drop</i>			
1. At the close of each shift:			
a. Is each table's chip, token, coin, and marker inventory counted and recorded on a table inventory form? or	_____	_____	_____
b. If the table banks are maintained on an imprest basis, is a final fill or credit made to bring the bank back to par?	_____	_____	_____
2. If final fills are not made, are beginning and ending inventories recorded on the master game sheet for shift win calculation purposes?	_____	_____	_____
3. Is the accuracy of inventory forms prepared at shift end verified by either two pit supervisors or one pit supervisor and one supervisor from another gaming department?	_____	_____	_____
Note: This question does not apply to Group II licensees.			
4. If inventory forms are placed in the drop box, is such action performed by someone other than a pit supervisor?	_____	_____	_____
Note: This question does not apply to Group II licensees.			
5. Is the setting out of empty drop boxes and the drop a continuous process?	_____	_____	_____
6. Are procedures implemented to insure that unauthorized access to empty drop boxes does not occur from the time the boxes leave the storage racks until they are placed on the tables?	_____	_____	_____
7. At the end of each shift, are all locked drop boxes removed from the tables by an individual independent of the pit shift being dropped?	_____	_____	_____
8. If drop boxes are not placed on all tables, does the pit department document which tables were open during the shift?	_____	_____	_____
Note: This question does not apply to Group II licensees.			
9. Upon removal from tables, are drop boxes transported directly to the count room or other secure place and locked in a secure manner until the count takes place?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - SOFT DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
10. Is the transporting of drop boxes performed by a minimum of two individuals, at least one of whom is independent of the pit shift being dropped?	_____	_____	_____

Note: This question does not apply to Group II licensees.

Soft Count

11. If counts from various revenue centers are occurring simultaneously in the count room, are procedures in effect which prevent the commingling of funds from different revenue centers? Describe such procedures.	_____	_____	_____
12. Is the soft count performed by a minimum of three employees?	_____	_____	_____
13. For Group II licensees if a minimum of two employees perform the soft count, is the count viewed either live or on videotape within seven days by an owner, licensed key employee, or an employee with an application on file with the Board?	_____	_____	_____
14. Is the person viewing the videotape not a participant in that count?	_____	_____	_____
15. At no time during the count are there fewer than three employees (two for Group II's) in the count room until the monies have been accepted into cage/vault accountability?	_____	_____	_____
16. Are count team members rotated on a routine basis? (Rotation is such that the count team is not consistently the same three individuals more than four days per week.)	_____	_____	_____
Note: This question does not apply to Group II licensees.			
17. Is the count team independent of transactions being reviewed and counted and the subsequent accountability of soft drop proceeds? The use of a dealer or a cage cashier is acceptable.	_____	_____	_____
18. For Group I licensees, if a cage cashier is used, is this person not allowed to perform the recording function?	_____	_____	_____
19. If an accounting representative is used, is there an independent audit of all soft count documentation?	_____	_____	_____
20. Are the drop boxes individually emptied and counted in such a manner to prevent the commingling of funds between boxes until the count of the box has been recorded?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - SOFT DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
21. Is the count of each box recorded in ink or other permanent form of recordation?	_____	_____	_____
22. If currency counters are utilized and the count room table is used only to empty boxes and sort/stack contents, is a count team member able to observe the loading and unloading of all currency at the currency counter, including rejected currency?	_____	_____	_____
23. Are drop boxes, when empty, shown to another member of the count team, to another person who is observing the count, or to recorded or live surveillance - provided the count is monitored in its entirety?	_____	_____	_____
24. Are original and first copies of fill/credit slips matched or otherwise reconciled by the count team to verify that the total dollar amounts for the shift are identical?	_____	_____	_____
For Group II licensees this function may be performed by the accounting department.			
25. Are orders for fill/credit (if applicable) matched to the fill/credit slips?	_____	_____	_____
26. Are fills and credits traced to or recorded on the count sheet and examined for correctness?	_____	_____	_____
27. Are pit marker issue and payment slips removed from the drop boxes either:			
a. Traced to or recorded on the count sheet by the count team? or	_____	_____	_____
b. Totaled by shift and traced to the totals documented by the computerized system?	_____	_____	_____
1) Do accounting personnel then verify the issue/payment slip for each table is accurate?	_____	_____	_____
28. Are foreign currency exchange forms removed from the drop boxes reviewed for the proper daily exchange rate and the conversion amount recomputed by either:			
a. The count team? or	_____	_____	_____
b. Accounting/auditing employees?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - SOFT DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
29. Are the opening/closing table and marker inventory forms (if applicable) either:			
a. Examined and traced to or recorded on the count sheet? or	_____	_____	_____
b. If a computerized system is used, do accounting personnel:			
1) Trace the opening/closing table and marker inventory forms (if applicable) to the count sheet?	_____	_____	_____
2) Investigate any discrepancies with the findings documented and maintained?	_____	_____	_____
30. Are corrections to information originally recorded by the count team on soft count documentation made by crossing out the error, entering the correct figure, and then obtaining the initials of at least two count team members who verified the change?	_____	_____	_____
31. Is the count sheet reconciled to the drop by a count team member who does not function as the sole recorder?	_____	_____	_____
32. Do all members of the count team attest by signature to the accuracy of the games drop count?	_____	_____	_____
Note: Three verifying signatures (two for Group II licensees) on the count sheet are adequate if all additional count team personnel sign a supplemental document evidencing their involvement in the count process.			
33. Are all monies and monetary equivalents that were counted turned over to the cage cashier (who is independent of the count team) or to an individual independent of the revenue generation and the count process for verification?	_____	_____	_____
34. Does the above mentioned individual certify by signature as to the accuracy of the monies delivered and received?	_____	_____	_____
35. Is access to stored drop boxes, full or empty, restricted to authorized members of the drop and count teams?	_____	_____	_____
36. Is access to the count room during the count restricted to members of the drop and count teams, excluding authorized observers, supervisors for resolution of problems, and authorized maintenance personnel?	_____	_____	_____

Note: This question does not apply to Group II licensees.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

TABLE GAMES - SOFT DROP AND COUNT OBSERVATION

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
37. Is the count sheet, with all supporting documents, promptly delivered to the accounting department by a count team member or someone other than the cashier's department? Alternatively, it may be adequately secured (e.g., locked container to which only accounting personnel can gain access) until retrieved by the accounting department.	_____	_____	_____
38. Obtain a copy of the count sheet summary totals for inclusion in the workpapers.	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CARD GAMES

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's card games operations are in compliance with the Card Games Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Yes No W/P
Ref.

Supervision

1. Is supervision provided at all times the card room is in operation by personnel with authority equal to or greater than those being supervised? _____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CARD GAMES

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
<i>Transfers of Cash and Chips</i>			
2. Are transfers between table banks and the main card room bank (or casino cage, if a main card room bank is not used) authorized by a supervisor and evidenced by the use of a lammer? (A lammer is not required if the exchange of chips, tokens, and/or currency takes place at the table.)	_____	_____	_____
3. Are transfers from the main card room bank (or casino cage, if a main card room bank is not used) to the table banks verified by the card room dealer and the runner?	_____	_____	_____

Testing of the transfers between main card room and the casino cage is required.

Scope: Select 1 card room transfer document per day for 2 days per year. Test days should be in non-consecutive months.

4. If applicable, are transfers between the main card room bank and the casino cage properly authorized and documented?	_____	_____	_____
5. Is a rake collected in accordance with the posted rules unless authorized by a supervisor?	_____	_____	_____

Drop and Count Standards

6. Are the procedures for the drop and count of card games drop boxes the same as those applicable to table games drop boxes?	_____	_____	_____
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Access to Playing Cards

7. Are playing cards, both used and unused, maintained in a secure location to prevent unauthorized access and reduce the possibility of tampering? State the location.	_____	_____	_____
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Reconciliation of Banks

Testing of Questions 8-12 is required.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CARD GAMES

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
Scope: For Questions 8 and 9, select card room reconciliations for 1 shift per day for 2 days per year. Test days should be in non-consecutive months.			
8. Is the amount of the main card room bank counted, recorded and reconciled on at least a per shift basis?	_____	_____	_____
9. At least once per shift, are the table banks counted, recorded, and reconciled by a dealer (or other individual if the table is closed) and a supervisor, and attested to by their signatures on the check-out form?	_____	_____	_____

Shills

Scope: For Questions 10-12, select 1 shill issuance/return document per day for 2 days per year. Test days should be in non-consecutive months.

10. Does the issuance of shill funds have the written approval of the supervisor?	_____	_____	_____
11. Are shill returns recorded and verified on the shill sign-out form?	_____	_____	_____
12. Is the replenishment of shill funds documented?	_____	_____	_____

Promotional Progressive Pots and Pools

Promotional progressive pots and pools are defined as pots and pools which are contributed to by poker patrons and distributed back to poker patrons based upon the occurrence of a predetermined event.

13. Are all funds contributed by players into the pools returned when won in accordance with the posted rules with no commission or administrative fee withheld?	_____	_____	_____
14. Are rules governing promotional pools posted, and clearly legible from each table?	_____	_____	_____
15. Do the posted rules governing promotional pools designate:	_____	_____	_____
a. The amount of funds to be contributed from each pot?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CARD GAMES

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. What type of hand it takes to win the pool (e.g., what constitutes a “bad beat”)?	_____	_____	_____
c. How the promotional funds will be paid out?	_____	_____	_____
d. How/when the contributed funds are added to the jackpots?	_____	_____	_____
e. Amount/percentage of funds allocated to primary and secondary jackpots, if applicable?	_____	_____	_____
16. Are promotional pool contributions not placed in or near the rake circle, in the drop box, or commingled with gaming revenue from card games or any other gambling game?	_____	_____	_____
17. Are promotional funds removed from the card game placed in a locked container in plain view of the public?	_____	_____	_____
18. Are persons authorized to transport the locked container precluded from having access to the contents keys?	_____	_____	_____
19. Is the contents key maintained by a department independent of the card room? State the department.	_____	_____	_____
20. At least once a day, is the locked container removed by two individuals, one of whom is independent of the card games department, and transported directly to the casino cage or other secure room to be counted? State the department(s) of the individuals.	_____	_____	_____
21. If the funds are maintained in the cage, are the contents counted, recorded, and verified prior to accepting the funds into cage accountability?	_____	_____	_____
22. Is the amount of the jackpot conspicuously displayed in the card room?	_____	_____	_____
23. At least once a day, is the progressive sign or meter, if applicable, updated to reflect the current pool amount?	_____	_____	_____
24. At least once a day, are increases to the progressive sign/meter reconciled to the cash previously counted or received by the cage?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's computerized keno operations are in compliance with the Computerized Keno Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Yes No W/P
Ref.

Game Play

1. Does the computerized customer ticket include:

a. Date? _____

b. Game number? _____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
c. Ticket sequence number?	_____	_____	_____
d. Station number?	_____	_____	_____
e. Conditioning?	_____	_____	_____
f. Indication of multi-race, if applicable?	_____	_____	_____
2. Concurrently with the generation of the ticket, is the information on the ticket either:			
a. Recorded on a restricted transaction log? or	_____	_____	_____
b. Retained on computer storage media?	_____	_____	_____
3. Are keno personnel precluded unrestricted access to the restricted transaction log or computer storage media?	_____	_____	_____
4. When it is necessary to void a ticket, is the void information input in the computer and does the computer document the appropriate information pertaining to the voided wager (e.g., void slip is issued or equivalent documentation is generated)?	_____	_____	_____
5. Do controls exist to prevent the writing and voiding of tickets after a game has been closed and after the number selection process for that game has begun?	_____	_____	_____
6. Are the controls in effect for tickets prepared in outstations (if applicable) identical to those in effect for the primary keno game?	_____	_____	_____

Rabbit Ear System

7. Is a camera utilized to film the following both prior to, and subsequent to, the calling of a game:			
a. Empty rabbit ears?	_____	_____	_____
b. Date and time?	_____	_____	_____
c. Game number?	_____	_____	_____
d. Full rabbit ears?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
8. Does the film of the rabbit ears provide a legible identification of the numbers on the balls drawn?	_____	_____	_____
9. Do keno personnel immediately input the selected numbers in the computer and the computer document:			
a. The date?	_____	_____	_____
b. Game number?	_____	_____	_____
c. The time the game was closed?	_____	_____	_____
d. Numbers drawn?	_____	_____	_____
10. Are procedures in effect which prevent unauthorized access to keno balls in play?	_____	_____	_____
11. Are back-up keno ball inventories secured in a manner to prevent unauthorized access?	_____	_____	_____
12. Are procedures established for inspecting new keno balls put into play as well as for those in use?	_____	_____	_____

Random Number Generator

13. Is the random number generator linked to the computer system and does it directly relay the numbers selected into the computer without manual input?	_____	_____	_____
14. Are keno personnel precluded access to the random number generator?	_____	_____	_____

Winning Ticket Verification and Payment

15. Is the sequence number of tickets presented for payment input into the computer, and the payment amount generated by the computer given to the patron?	_____	_____	_____
16. Are procedures established to preclude payment on:			
a. Tickets previously presented for payment?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Unclaimed winning tickets after a specified period of time?	_____	_____	_____
c. Voided tickets?	_____	_____	_____
d. Tickets which have not been issued yet?	_____	_____	_____
Testing of payouts is required.			
Scope: Select 10 payouts from one day within the last 7 days and all payouts from a day in a prior month.			
17. Are all payouts supported by the customer (computer-generated) copy of the winning ticket (payout amount is indicated on the customer ticket or a payment slip is issued)?	_____	_____	_____
18. Is a manual report produced and maintained documenting any payments made on tickets which are not authorized by the computer?	_____	_____	_____
19. Do winning tickets over a specified dollar amount (not to exceed \$10,000 for locations with more than \$5 million annual keno write and \$3,000 for all other locations) require the following: State the dollar amount: \$_____.	_____	_____	_____
a. Approval of management personnel independent of the keno department evidenced by their signature?	_____	_____	_____
b. Reviewing the videotape or developing the film of the rabbit ears to verify the legitimacy of the draw and the accuracy of the draw ticket (for rabbit ear systems only)?	_____	_____	_____
c. Comparison of the winning customer copy to the computer reports?	_____	_____	_____
d. Regrading of the customer copy using the payout schedule and draw information?	_____	_____	_____
e. The performance of all of the above is documented and maintained?	_____	_____	_____
20. If a keno game is operated by one person, are all winning tickets in excess of an amount determined by management (not to exceed \$1,500) reviewed and authorized by someone independent of the keno department? State the dollar amount: \$_____.	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
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Check Out

Testing of cash summary reports is required.

Scope: Select 1 summary report (count sheet) for 2 days per year. Test days should be in non-consecutive months.

21. For each writer station, is a cash summary report (count sheet) prepared at the conclusion of each shift that includes:

- | | | | |
|--|-------|-------|-------|
| a. Computation of net cash proceeds for the shift and the cash turned in? | _____ | _____ | _____ |
| b. Signatures of two employees who have verified the net cash proceeds for the shift and the cash turned in? | _____ | _____ | _____ |

Promotional Payouts and Awards

The following question must be answered if the cost of personal property or bonus and promotional payouts are deducted from keno revenue.

Testing of promotional payout documentation is required.

Scope: Select promotional payout documentation for 2 days per year. Test days should be in non-consecutive months.

22. Does the payout form/documentation include the following information:

- | | | | |
|--|-------|-------|-------|
| a. Date and time? | _____ | _____ | _____ |
| b. Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.)? | _____ | _____ | _____ |
| c. Type of promotion? | _____ | _____ | _____ |
| d. Signature of at least one employee authorizing and completing the transaction? | _____ | _____ | _____ |

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
Statistics			
23. Are records maintained which include win and write by individual writer for each day?	_____	_____	_____
24. Are records maintained which include (for each licensed game) win, write, and win-to-write hold percentage for:			
a. Each shift (unless the keno game operates on a single 24-hour shift basis)?	_____	_____	_____
b. Each day?	_____	_____	_____
c. Month-to-date?	_____	_____	_____
d. Year-to-date?	_____	_____	_____
25. Does non-keno management review keno statistical data at least on a monthly basis?	_____	_____	_____
26. Are any large or unusual statistical variances investigated by non-keno management?	_____	_____	_____
27. At a minimum, are investigations performed for statistical percentage fluctuations from the base level for a month in excess of +/- 3%? The base level is defined as the licensee's win percentage for either the previous business year or the previous 12 months.	_____	_____	_____
28. Are such investigations documented and maintained?	_____	_____	_____
System Security			
29. Are all keys (including duplicates) to sensitive computer hardware in the keno area maintained by a department independent of the keno function? State the department.	_____	_____	_____
30. Is someone independent of the keno department required to accompany such keys to the keno area and observe changes or repairs each time the sensitive areas are accessed?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
Documentation			
31. Is adequate documentation of all pertinent keno information generated by the computer system?	_____	_____	_____
32. Is this documentation restricted to authorized personnel?	_____	_____	_____
Testing of keno computer documentation is required.			
Scope: Select 1 day per month for 2 months per year. Test days must be in non-consecutive months.			
33. Does the documentation include, at a minimum:			
a. Ticket information (as described in Question 1)?	_____	_____	_____
b. Payout information (date, time, ticket number, amount, etc.)?	_____	_____	_____
c. Game information (number, ball draw, time, etc.)?	_____	_____	_____
d. Daily recap information which includes:			
1) Write?	_____	_____	_____
2) Payouts?	_____	_____	_____
3) Gross revenue (a.k.a. win)?	_____	_____	_____
e. System exception information, including:			
1) Voids?	_____	_____	_____
2) Late pays?	_____	_____	_____
3) Appropriate system parameter information (e.g., changes in pay tables, ball draws, payouts over a predetermined amount, etc.)?	_____	_____	_____
f. Personnel access listing which includes at least:			
1) Employee name?	_____	_____	_____
2) Employee identification number?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
3) Listing of functions employee can perform or equivalent means of identifying same?	_____	_____	_____

Keno Audit

If a multi-race ticket was part of the sample selected by the licensee in Questions 36(b), 38(a), and 39, the procedures can be performed for 10 games or 10% of the games won, whichever is greater.

34. Is the keno audit function independent of the keno department?	_____	_____	_____
35. At least annually, does keno audit foot the write on the restricted copy of the keno transaction report for a minimum of one shift and compare the total to the total as documented by the computer?	_____	_____	_____
36. For at least one shift every other month, does keno audit perform the following:			
a. Foot the customer copy of the payouts and trace the total to the payout report?	_____	_____	_____
b. Regrade at least 1% of the winning tickets using the payout schedule and draw ticket?	_____	_____	_____
37. Does keno audit also perform the following:			
a. For a minimum of five games per week, compare the videotape/film of the rabbit ears to the computer transaction summary?	_____	_____	_____
b. Compare net cash proceeds to the audited win/loss by shift and investigate any large cash overages or shortages (i.e., in excess of \$25.00)?	_____	_____	_____
c. Review and regrade all winning tickets greater than or equal to \$1,500, including all forms which document that proper authorizations and verifications were obtained and performed?	_____	_____	_____
d. Review the documentation for payout adjustments made outside the computer and investigate large and frequent payments?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
e. Review personnel access listing for inappropriate functions an employee can perform?	_____	_____	_____
f. Review system exception information on a daily basis for propriety of transactions and unusual occurrences including changes to the personnel access listing?	_____	_____	_____
g. If a random number generator is used, then at least weekly the numerical frequency distribution is reviewed for potential patterns?	_____	_____	_____
h. All noted improper transactions or unusual occurrences are investigated with the results documented?	_____	_____	_____
38. When the keno game is operated by one person:			
a. Are the customer copies of all winning tickets in excess of \$100 and at least 5% of all other winning tickets regraded and traced to the computer payout report?	_____	_____	_____
b. Is the videotape/film of rabbit ears randomly compared to the computer game information report for at least 10% of the games during the shift?	_____	_____	_____
c. Do keno audit personnel review winning tickets for proper authorization pursuant to Question 20?	_____	_____	_____
39. In the event any person performs the writer and deskman functions on the same shift, are the procedures described in Questions 38(a) and (b) (using the sample sizes indicated) performed on tickets written by that person?	_____	_____	_____
40. Is documentation (e.g., a log, checklist, etc.) maintained evidencing the performance of all keno audit procedures?	_____	_____	_____
41. Does non-keno management review keno audit exceptions?	_____	_____	_____
42. Are investigations into unresolved exceptions performed and documented by non-keno management?	_____	_____	_____

Miscellaneous

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

COMPUTERIZED KENO

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
43. Are the following documents, including computer storage media, retained for at least 7 days:			
a. Videotape/film of rabbit ears?	_____	_____	_____
b. All copies of losing keno tickets?	_____	_____	_____
c. All copies of winning keno tickets of less than \$1,500?	_____	_____	_____
d. The information in Questions 33(a), (b), and (c)?	_____	_____	_____
44. Are all other documents, including computer storage media, discussed in these questions retained for 5 years?	_____	_____	_____

Note: The customer presented inside ticket does not need to be maintained.

Multi-Race

45. Are procedures established to notify keno personnel immediately of large multi-race winners to ensure compliance with Question 19?	_____	_____	_____
46. Do controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
3. Is keno equipment maintenance independent of the keno function?	_____	_____	_____
4. Does keno maintenance report irregularities to management personnel independent of keno, either in writing or verbally?	_____	_____	_____

Game Play

5. Is the individual controlling inside tickets either:			
a. Precluded from writing and making payouts, including during writer's break periods? or	_____	_____	_____
b. Are all winning tickets written by him with payouts exceeding \$25.00 verified, regraded, and compared to the inside ticket by another keno employee?	_____	_____	_____
c. If the answer to Question 5(a) is "no", does that individual write tickets out of his own predesignated writer's station and bank (unless a community bank is used)?	_____	_____	_____
6. If the licensee's total keno write is greater than or equal to \$500,000 for the 12-month period ended June 30, does the licensee prohibit a keno game to be operated by one person?	_____	_____	_____
7. For a keno game being operated by one person:			
a. Is the licensee's total keno write less than \$500,000 for the 12-month period ended June 30? and	_____	_____	_____
b. Are the additional audit procedures in Question 47 performed?	_____	_____	_____

Testing of Questions 8-10 is required.

Scope: Select 10 outside and 10 inside keno tickets per day for 2 days per year. Test days must be in non-consecutive months.

8. Are both inside (ticket presented by customer for play) and outside (receipt ticket given customer by keno writer) keno tickets stamped with (as applicable to the system being used):			
a. The date?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Ticket sequence number?	_____	_____	_____
c. Game number?	_____	_____	_____
9. Does the ticket indicate that it is multi-race (if applicable)?	_____	_____	_____
Scope: Select 10 openers and 10 closers per day for 2 days per year. Test days must be in non-consecutive months.			
10. Are the game openers and closers stamped with:			
a. The date?	_____	_____	_____
b. Ticket sequence number?	_____	_____	_____
c. Game number?	_____	_____	_____
d. If not, is there an alternative which provides the same control?	_____	_____	_____
11. Do controls exist to ensure that inside tickets have been received from outstations prior to calling of a game?	_____	_____	_____
12. Do controls exist to prevent the writing and voiding of tickets after a game has been closed?	_____	_____	_____
Testing of Questions 13-14 is required.			
Scope: Select payout documentation for 2 shifts per year. Test shifts should be in non-consecutive months.			
13. Is a legible restricted copy of written keno tickets created (carbonized locked box copy, microfilm, videotape, etc.) for, at a minimum, all winning tickets exceeding \$30.00?	_____	_____	_____
14. If a legible restricted copy of written keno tickets is not created (carbonized locked box copy, microfilm, videotape, etc.) for winning tickets of \$30.00 or less is the desk person precluded from writing tickets?	_____	_____	_____
15. Are procedures established for locking out or closing down all mechanisms for ticket writing/filming and time stamp equipment while keno balls for that race are being selected?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
16. When it is necessary to void a ticket which contains the sequence number, is the ticket designated as "void" and initialed or signed by at least one person?	_____	_____	_____
<i>Number Selection</i>			
17. Is a camera utilized to film the following both prior to, and subsequent to, the calling of a game:			
a. Empty rabbit ears?	_____	_____	_____
b. Date and time?	_____	_____	_____
c. Game number?	_____	_____	_____
d. Full rabbit ears?	_____	_____	_____
18. Does the picture of the rabbit ears on the camera provide a legible identification of the numbers on the balls drawn?	_____	_____	_____
19. Do keno personnel produce a draw ticket as numbers are drawn which contains:			
a. The race number?	_____	_____	_____
b. Numbers drawn?	_____	_____	_____
c. Date?	_____	_____	_____
d. Verification to the balls drawn by a second keno employee?	_____	_____	_____
20. Are there procedures in effect which prevent unauthorized access to keno balls in play?	_____	_____	_____
21. Are back-up keno ball inventories secured in a manner to prevent unauthorized access?	_____	_____	_____
22. Are effective procedures established for inspecting new keno balls put into play as well as for those in use?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
<i>Winning Ticket Verification and Payment</i>			
<u>23.</u> Are all winning tickets compared with the draw ticket by the writer before being paid, marked with evidence that the ticket was "paid" and marked with the amount of the payout?	_____	_____	_____
24. Are payouts over a predetermined amount (not to exceed \$30.00) verified by actual examination of the inside ticket?	_____	_____	_____
<u>25.</u> Do wins over a specified dollar amount (not to exceed \$10,000 for locations with annual keno write in excess of \$5,000,000 and \$3,000 for all other locations) also require the following:			
<u>a.</u> Approval of management personnel independent of the keno department evidenced by their signature?	_____	_____	_____
b. Examination of films of rabbit ears prior to and after the game is called to determine that the same numbers called were not left up from the prior game and to verify the accuracy of the draw ticket?	_____	_____	_____
Note: If necessary, film may be developed as soon as possible after payouts.			
c. Regrading of the inside ticket and comparison of both the winning ticket presented for payment and the inside ticket to the restricted copy (machine copy, microfilm, videotape, etc.)?	_____	_____	_____
<u>d.</u> Documentation of procedures described above for later verification and reconciliation by the keno audit process on a ball check form?	_____	_____	_____

Check Out Standards

Testing of Question 26 is required.

Scope: Select 1 summary report per day for 2 days per year. Test days must be in non-consecutive months.

26. Is a cash summary report (count sheet) prepared for the end of every shift which includes:

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
a. Computation of cash proceeds for the shift by bank (i.e., community bank or individual writer banks, whichever is applicable)?	_____	_____	_____
b. Signatures in ink of two employees who have verified the cash proceeds recorded in the above computation?	_____	_____	_____

Statistics

<u>27.</u> Are records maintained which include (for each licensed game) win, write, and win-to-write hold percentage for:			
a. Each shift?	_____	_____	_____
b. Each day?	_____	_____	_____
c. Month-to-date?	_____	_____	_____
d. Year-to-date?	_____	_____	_____
28. Does non-keno management review keno statistical information at least on a monthly basis and investigate any large or unusual statistical fluctuations?	_____	_____	_____
<u>29.</u> Are such investigations documented and maintained?	_____	_____	_____

Key Control

30. Are keys to locked box tickets maintained by a department independent of the keno function?	_____	_____	_____
31. Is someone independent of the keno department required to accompany such keys to the keno area and observe repairs or refills each time locked boxes are accessed?	_____	_____	_____
32. Is the master panel, which safeguards the wiring that controls the sequence of the game, locked at all times to prevent unauthorized access?	_____	_____	_____
33. Are master panel keys maintained by a department independent of the keno function?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
34. Is someone independent of the keno department required to accompany such keys to the keno area and observe repairs, etc., each time the master panel is accessed?	_____	_____	_____
35. Are microfilm machine keys maintained by personnel who are independent of the keno writer function?	_____	_____	_____
36. Is someone independent of the keno writer function (e.g., a keno supervisor who doesn't write or someone independent of keno) required to observe each time the microfilm machine is accessed by keno personnel?	_____	_____	_____
37. Is the keno equipment discussed above always locked when not being accessed?	_____	_____	_____
38. Are all electrical connections wired in such a manner so as to prevent tampering?	_____	_____	_____
39. Are duplicate keys to the above areas maintained independently of the keno department?	_____	_____	_____

Keno Audit

40. Is the keno audit function independent of the keno shift being audited for the next <u>two</u> requirements (41 and 42)?	_____	_____	_____
41. Do keno audit personnel foot write (either inside ticket or restricted copy) and payouts (customer copy) to arrive at an audited win/loss by shift?	_____	_____	_____
<u>42.</u> Do keno audit personnel obtain an audited win/loss for each bank (i.e., individual writer or community)?	_____	_____	_____
43. Is the keno audit function is independent of the keno department for the next <u>five</u> requirements (44-48)?	_____	_____	_____
44. Are the keno receipts (net cash proceeds) compared with the audited win/loss by keno audit personnel?	_____	_____	_____
45. Are major cash variances (i.e., overages or shortages in excess of \$25.00) noted in the preceding comparison investigated on a timely basis?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
46. On a sample basis (for at least one race per shift or ten races per week) do keno audit personnel perform the following, where applicable:			
a. Select a sample whereby the majority of the races in the sample selected must contain payouts in excess of \$100.00 but less than the amount established for the independent verification required by Question #25?	_____	_____	_____
b. Regrade winning tickets utilizing the payout schedule and draw tickets and compare winning tickets (inside and outside) to restricted copies (locked box copy, developed microfilm, videotape, etc.) for 100% of all winning tickets of \$100.00 or greater and 25% of all winning tickets under \$100.00 for those races selected?	_____	_____	_____
c. Either review sequential numbering on inside tickets (microfilm and videotape systems) to ensure that tickets have not been destroyed to alter the amount of write? <u>or</u>	_____	_____	_____
d. Compute write from developed film and compare to write computed from inside tickets?	_____	_____	_____
e. Review restricted copies for blank tickets and proper voiding of voids?	_____	_____	_____
47. In addition to the above audit procedures, when a keno game is operated by one person:			
a. Are at least 25% of all other winning tickets regraded?	_____	_____	_____
b. Are at least 10% of all tickets traced to the restricted copy?	_____	_____	_____
c. Is the film of rabbit ears randomly compared to draw tickets for at least 25% of the races?	_____	_____	_____
48. Are draw tickets compared to rabbit ears film for at least five races per week with payouts which do not require draw ticket verification independent of the keno department? (The draw information can be compared to the rabbit ears at the time the balls are drawn provided it is done without the knowledge of keno personnel and it is subsequently compared to the keno draw ticket.)	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

MANUAL KENO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
49. Are audit procedures performed within one month following the transaction?	_____	_____	_____
50. Is documentation (e.g., logs, checklists, etc.) maintained evidencing the performance of all keno audit procedures?	_____	_____	_____
51. Does non-keno management review keno audit exceptions, perform investigations into unresolved exceptions and document results?	_____	_____	_____

Miscellaneous

52. Are all copies of all keno tickets and the film of the rabbit ears maintained for at least 7 days?	_____	_____	_____
53. Are all copies of winning keno tickets of \$1,500 or more maintained for at least five years? This includes restricted copies (microfilm, videotape, etc.).	_____	_____	_____

Note: The restricted copy may be maintained in the form of a copy made from the microfilm, videotape, etc.

Multi-Race

54. Are procedures established to notify keno personnel immediately of large multi-race winners to ensure compliance with Question 25?	_____	_____	_____
55. Do controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

BINGO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
Game Play			
1. At those locations with an annual bingo write exceeding \$1 million in the previous 12-month period ended June 30, do employees who sell cards on the floor not verify payouts with cards in their possession?	_____	_____	_____
Testing of Questions 2 and 3 is required.			
Scope: Select card sales documentation for 2 days per year. Test days should be in non-consecutive months.			
2. Are all sales of bingo cards documented by recording at least the following:			
a. Date?	_____	_____	_____
b. Shift?	_____	_____	_____
c. Session (if applicable)?	_____	_____	_____
d. Dollar amount?	_____	_____	_____
e. Signature or initials of at least one seller (if manually documented)?	_____	_____	_____
f. Signature or initials of person independent of seller who has randomly verified the card sales? (This requirement is not applicable to locations with \$1 million or less in annual write.)	_____	_____	_____
3. Is the total write (card sales) computed and recorded by shift (and session, if applicable)?	_____	_____	_____
4. Are procedures utilized to insure the correct calling of numbers selected in the bingo game?	_____	_____	_____
5. Is each ball shown to a television camera immediately after it is called so that it is individually displayed to all patrons?	_____	_____	_____
6. For all coverall games and other games offering a payout of \$1,200 or more, as the balls are called are the numbers immediately recorded by the caller and maintained for a minimum of 24 hours?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

BINGO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
7. Are controls present to assure that the numbered balls are placed back into the selection device prior to calling the next game?	_____	_____	_____
8. Is the authenticity of each payout verified by at least two persons?	_____	_____	_____
9. If a computerized card verifying system functions as the second person verifying the payout, is the card with the winning numbers displayed to patrons in the bingo room?	_____	_____	_____

Testing of Questions 10 and 11 is required.

Scope: For questions 10 and 11, select payout documentation for 2 days per year. Test days should be in non-consecutive months.

10. In addition to the two verifiers, do payouts in excess of \$1,200 require written approval, by supervisory personnel independent of the transaction, that the ticket has been examined and verified to the master ticket record to ensure that the ticket has not been altered?	_____	_____	_____
11. Is the total payout computed and recorded by shift (and session, if applicable)?	_____	_____	_____

Promotional Payouts and Awards

The following question must be answered if the cost of personal property or bonus and promotional payouts are deducted from bingo revenue.

Testing of promotional payout documentation is required.

Scope: Select promotional payout documentation for 2 days per year. Test days should be in non-consecutive months.

12. Does the payout form/documentation include the following information:			
a. Date and time?	_____	_____	_____
b. Dollar amount of payout or description of personal property (e.g., jacket, toaster, car, etc.)?	_____	_____	_____
c. Type of promotion?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

BINGO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
d. Signature of at least one employee authorizing and completing the transaction?	_____	_____	_____

Control of Funds

Testing of Questions 13 and 14 is required.

Scope: For Questions 13 and 14, select bingo accountability documents for 2 days per year. Test days should be in non-consecutive months.

13. Are all funds used to operate the bingo department recorded on an accountability form?	_____	_____	_____
14. Are the above funds counted by at least two persons and reconciled to the recorded amounts at the end of each shift?	_____	_____	_____

Access to Sensitive Areas

15. Is access to controlled bingo equipment (e.g., blower, balls in play, and back-up balls) restricted to authorized persons?	_____	_____	_____
16. Are procedures established to inspect new bingo balls put into play as well as for those in use?	_____	_____	_____
17. Is bingo equipment maintained and checked for accuracy on a periodic basis?	_____	_____	_____
18. Is the bingo card inventory controlled so as to assure the integrity of the cards being used?	_____	_____	_____

Statistics

Testing of Question 19 is required.

Scope: Select records for 1 day per year.

19. Are records maintained which include win, write (card sales), and a win-to-write hold percentage for:			
a. Each shift or each session?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

BINGO

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Each day?	_____	_____	_____
c. Month-to-date?	_____	_____	_____
d. Year-to-date?	_____	_____	_____
20. Is bingo statistical information reviewed by non-bingo management at least on a monthly basis?	_____	_____	_____
21. Are any large or unusual statistical fluctuations investigated by non-bingo management?	_____	_____	_____
<u>22.</u> Are such investigations documented and maintained?	_____	_____	_____

Random Number Generator (if applicable)

23. Is the random number generator linked to the computer system and does it directly relay the numbers selected into the computer without manual input?	_____	_____	_____
24. Are bingo personnel precluded access to the random number generator?	_____	_____	_____
<u>25.</u> At least weekly, is the numerical frequency distribution reviewed for potential patterns by an individual independent of the bingo department?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
b. At the location of the main computer for outstation and satellite books?	_____	_____	_____
2. Do race and sports books contact the Naval Observatory Master Clock to verify the correct time each day events are held and wagers are accepted and adjust the main computer as required?	_____	_____	_____
Note 1: A telephone number for the Naval Observatory Master Clock is (202) 762-1401.			
Note 2: This Question does not apply to outstation and satellite books.			
<u>3.</u> Is the test, and any adjustments necessary due to discrepancies, documented in a log (or in another equivalent manner) which includes the station number, date, time of test, time per computer, name or signature of the employee performing the test, and any other relevant information?	_____	_____	_____
4. Are all date, time and numerical sequence stamping machines used by the book (for parlay cards, voiding cards/tickets, and payouts) directly and permanently wired to the electrical supply system (or in another approved manner)?	_____	_____	_____
5. Do only maintenance, engineering, or security employees/personnel have access to fuses or fuse-like devices used in connection with the machines?	_____	_____	_____
6. At least once during each eight hours of operation does someone independent of the ticket writing function examine and test the stamping machines to ensure their date and time accuracy to the nearest minute? For satellite books this test can be performed by the ticket writer.	_____	_____	_____
7. For books with casino operations and for outstation books, is the above test performed at least weekly by someone independent of the book?	_____	_____	_____
<u>8.</u> Is the test, and any adjustments necessary due to discrepancies, documented in a log (or in another equivalent manner) which includes the station number, date, time of test, time on machine, name or signature of employee performing the test, and any other relevant information?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
9. Are keys (originals and all duplicates) to the date, time, and numerical sequence stamping devices maintained and used by a department or personnel who are independent of the ticket writing and cashiering functions?	_____	_____	_____

Wagering Standards

10. Are all transfers of chips/cash between writer banks and cashier banks properly authorized and documented?	_____	_____	_____
11. Whenever a betting station is opened for wagering or turned over to a new writer, does the writer sign on and does the computer document the writer's identity, the date and time, and the fact that the station was opened?	_____	_____	_____
12. Whenever the betting station is closed or the writer is replaced, does the writer sign off and does the computer document the date and time and the fact that the station was closed?	_____	_____	_____
13. Upon accepting a wager, is a betting ticket created in triplicate as follows:			
a. An original which is transacted and issued through a printer and given to the patron or, in case of a wire communication wager, held at the book for the patron?	_____	_____	_____
b. A copy which is recorded concurrently with the generation of the original ticket either on paper or other storage media (e.g., tape or diskette)?	_____	_____	_____
c. A restricted copy which is not accessible to book employees?	_____	_____	_____
14. If a book voids a betting ticket then:			
a. Is a void designation immediately written/stamped or branded by the computer on the ticket?	_____	_____	_____
b. For not-in-computer voids:			
1) Is the date and time at which the ticket was voided stamped on the original?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
2) Does a supervisory employee and one other person sign the ticket at the time of voiding? For satellite books the second signature can be a supervisor of the host property.	_____	_____	_____

Wagering Cutoff

15. Is a sporting event wager not accepted after the start of the event unless "in progress" or a similar notation is indicated on the original and each copy of the betting ticket, and the computer system documents the supervisor's approval?	_____	_____	_____
16. Is a race wager not accepted after the occurrence of post time, as defined in Regulation 22?	_____	_____	_____
17. Is the cutoff time for event wagering set up or established in the computer in accordance with the provisions of Regulation 22?	_____	_____	_____
18. Is the computer either incapable of transacting/accepting a wager subsequent to the above cutoff times or does it produce a report which specifically identifies such wagers?	_____	_____	_____
19. Is the computer either incapable of voiding a ticket subsequent to the cutoff time or does it produce a report which specifically identifies such voided tickets?	_____	_____	_____
20. Is the computer incapable of establishing or changing a cutoff/starting time to a time that is earlier than the current time of day?	_____	_____	_____
21. Are tickets not written or voided after the outcome of an event is known?	_____	_____	_____

Payout Standards

22. Prior to patrons receiving payouts on winning tickets, are results input into the computer's administrative terminal for computerized grading of all wagers?	_____	_____	_____
23. Prior to making payment on a ticket or crediting the winnings to the patron's account:			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
a. Does the cashier input the ticket sequence number into the cashier's terminal; or	_____	_____	_____
b. Does the computer system automatically update the patron's account when the event results are posted?	_____	_____	_____
24. Upon computer authorization of payment, is the patron's copy immediately written/stamped or branded by the computer with a paid designation, and noted with the amount of payment and date?	_____	_____	_____
25. In those instances where system failure has occurred and tickets are manually paid, is a log maintained which includes:			
a. Date and time of system failure?	_____	_____	_____
b. Reason for failure?	_____	_____	_____
c. Date and time system restored?	_____	_____	_____
26. Are all manually paid tickets:			
a. Entered into the computer system as soon as possible to verify the accuracy of the payout (this does not apply to purged, unpaid winning tickets)?	_____	_____	_____
b. Regraded as part of the end-of-day audit process should the computer system be inoperative?	_____	_____	_____
27. For all payouts which are made without computer authorization, is the date and time stamped on the patron's copy?	_____	_____	_____
28. Is documentation supporting and explaining payouts made without computer authorization:			
a. Reviewed by the book manager or other authorized supervisory personnel, as evidenced by signature?	_____	_____	_____
b. Regraded as part of the end-of-day audit process?	_____	_____	_____
29. Is the computer incapable of authorizing payment on a ticket which has been previously paid, a voided ticket, a losing ticket, or an unissued ticket?	_____	_____	_____
30. If a progressive pool is used for wagers:			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
a. Is adequate documentation retained regarding the rules, increment procedures and any reductions in the progressive amounts?	_____	_____	_____
b. Is the progressive amount displayed in the book?	_____	_____	_____
c. Is the progressive liability recorded on a daily basis?	_____	_____	_____
d. Do audit personnel recalculate the progressive increment on a sample basis, at least once a week?	_____	_____	_____

Checkout Standards

31. Does the system indicate the amount of cash that should be in each writer and cashier station?

Testing of Question 32 is required.

Scope: Select 1 summary report per day for 2 days per year. Test days must be in non-consecutive months.

- 32.** For each writer station and each cashier station, is a summary report completed at the conclusion of each shift including:

a. Computation of cash turned in for the shift?	_____	_____	_____
b. Signatures of two employees who have verified the net cash proceeds for the shift?	_____	_____	_____

Employee Segregation of Duties

Administrative functions include setting up events, changing event data, and inputting results at any time.

33. Are race and sports book employees prohibited from wagering on race/sports events while on duty, including during break periods? (Race book employees are not prohibited from placing wagers from the customer area in the sports pool, and vice versa, during breaks.)	_____	_____	_____
34. Is the end-of-day report generation procedure performed by or observed by a person from an independent department?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
35. Is computer storage media removed to an independent department?	_____	_____	_____
36. Do employees who perform the supervisory functions of approving void tickets and over-the-limit wagers not write tickets unless:			
a. The only supervisory functions allowed are approvals for over-the-limit wagers and the voiding of tickets prior to post time?	_____	_____	_____
b. A supervisor, acting as a writer, may not authorize a void for a ticket which he wrote?	_____	_____	_____
<u>c.</u> All tickets written by a supervisor which are subsequently voided and all not-in-computer voids are recorded in a log, used specifically for that purpose, which indicates the supervisor's/writer's name and the name of the person authorizing the void?	_____	_____	_____
<u>d.</u> The log is forwarded to a department independent of the book (i.e., accounting/auditing) on a daily basis for a 100% audit of voids for the proper signature, a void designation on the ticket, any indications of past-post voiding, and other appropriate regulation compliance, and any discrepancies noted and investigations performed are documented in writing and maintained?	_____	_____	_____
e. A supervisor, acting as a writer, may not authorize an over-the-limit wager for a ticket he writes?	_____	_____	_____
<u>f.</u> A department independent of the book (i.e., accounting/auditing) performs a 100% audit of the exception report for any inappropriate use of the supervisory password, and any discrepancies noted and investigations performed are documented in writing and maintained?	_____	_____	_____
37. Do employees who have access to an administrative terminal or perform administrative functions not write tickets unless:			
a. The computer system is programmed to generate an exception report covering all administrative and supervisory activities for writers who act as supervisors and administrative terminal operators?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
b. The audit clerk performs a 100% audit of the above exception report, verifying all event setups to an independent source, reviewing all data inputs and results, checking off-times for reasonableness and checking for any inappropriate use of the supervisory password, and any discrepancies noted and investigations performed are documented in writing and maintained?	_____	_____	_____
c. The only book personnel allowed access to the operator file are the book manager and one designated supervisor (who does not write or cash tickets)?	_____	_____	_____
d. The audit clerk reviews the daily exception report for changes to the personnel access listing?	_____	_____	_____
e. Administrative terminal operators/supervisors have one operator number for both functions: supervising and writing?	_____	_____	_____
38. Do employees who have access to an administrative terminal or perform administrative functions not cash tickets unless:			
a. The computer system is programmed to generate an exception report covering all administrative and supervisory activities for cashiers who act as supervisors and administrative terminal operators?	_____	_____	_____
b. The audit clerk performs a 100% audit of the above exception report?	_____	_____	_____
c. The unpaid win ticket report is printed in a restricted area?	_____	_____	_____
d. An additional identifier is printed on all tickets which does not appear on the unpaid win ticket report but is entered into the computer system before the computer will authorize payment?	_____	_____	_____
e. Payments on any lost tickets are approved by an independent supervisor?	_____	_____	_____
f. The audit clerk verifies the above approval for propriety?	_____	_____	_____
g. The only book personnel allowed access to the operator file are the book manager and one designated supervisor (who does not write or cash tickets)?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
h. The audit clerk reviews the exception report for changes to the personnel access listing?	_____	_____	_____
i. Administrative terminal operators/supervisors have one operator number for all functions: supervising and cashiering?	_____	_____	_____
j. Supervisors have separate banks and an individual of equal or greater authority verifies the cashier bank count before the turn-in is taken to the cage?	_____	_____	_____
k. A person of equal or greater authority approves all payouts by a supervisor greater than \$10,000?	_____	_____	_____

Generic Passwords for Cage Cashiers

39. If generic passwords are used by cage cashiers:

a. Does each cashier redeem tickets from their assigned window?	_____	_____	_____
b. After verifying it as a winning ticket in the race and sports book terminal, does the cashier then initial the patron's copy of the ticket, immediately date/time stamp the ticket at their assigned window, and then maintain the ticket in their cash drawer?	_____	_____	_____
c. Is each cashier assigned a unique date/time stamp used solely at their assigned window?	_____	_____	_____
d. Do payouts of \$2,000 or more require the supervisor to input their approval code and to initial the ticket?	_____	_____	_____
e. Do payouts of \$10,000 or more require management personnel independent of the cage department to input their approval code and to initial the ticket?	_____	_____	_____
f. Is a summary sheet prepared which:			
1) Lists all of the cashiers working that shift, their assigned windows, the date/time stamp identification, and the total tickets cashed per cashier?	_____	_____	_____
2) Is then balanced, in total, to the total cashed per the race and sports book end of shift report?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
g. Are any discrepancies noted and investigations performed documented in writing and maintained?	_____	_____	_____
<i>Computer Reports</i>			
40. Is adequate documentation of all pertinent race and sports book information generated by the computer system?	_____	_____	_____
41. Is this documentation restricted to authorized personnel?	_____	_____	_____
42. Is the documentation created daily and does it include, at a minimum:			
a. Ticket number?	_____	_____	_____
b. Date/time of transaction?	_____	_____	_____
c. Type of wager?	_____	_____	_____
d. Team/horse identification?	_____	_____	_____
e. Amount of wager/payout (by ticket, by writer/cashier and in total)?	_____	_____	_____
f. Wagering accounts (identification and total by account)?	_____	_____	_____
g. Future wagers (by ticket, by dates of events, in total by day, and in total at the time of revenue recognition)?	_____	_____	_____
h. Unpaid winners (by ticket and in total by day)?	_____	_____	_____
i. Results (date/time of event per the cutoff time input to the computer, team names and team/horse identifications, and payout data)?	_____	_____	_____
j. Daily recap:			
1) Date?	_____	_____	_____
2) Total:			
(a) Cash write for the day?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
(b) Futures written for the day?	_____	_____	_____
(c) Futures brought back into revenue (today's events)?	_____	_____	_____
(d) Accrual write: (a) less (b) plus (c)?	_____	_____	_____
(e) Cash paid out on prior days' events?	_____	_____	_____
(f) Cash paid out on today's events?	_____	_____	_____
(g) Cash payouts for the day?	_____	_____	_____
(h) Unpaid tickets for the day?	_____	_____	_____
(i) Accrual payouts: (f) plus (h)?	_____	_____	_____
(j) Unpaid winners brought back into revenue?	_____	_____	_____
(k) Taxable revenue: (d) less (g) or (a) less (g)?	_____	_____	_____
(l) Book (accounting) revenue: (d) less (i) plus (j)?	_____	_____	_____
k. Exception information (sorted by exception type), including:			
1) Voids, past-post voids, past-post write?	_____	_____	_____
2) Changes in odds, cut-off times, results, event data?	_____	_____	_____
3) All supervisory approvals/overrides?	_____	_____	_____
l. Daily personnel access listing which includes at a minimum:			
1) Employee name and/or identification number?	_____	_____	_____
2) Listing of functions employee can currently perform or equivalent means of identifying same?	_____	_____	_____

Accounting and Auditing Functions

Board approved software may be used to perform some of the accounting/auditing standards.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
43. Is documentation maintained evidencing the performance of all race and sports accounting and auditing procedures?	_____	_____	_____
44. Are the race and sports book accounting and auditing procedures performed by personnel who are independent of the transactions being audited/accounted for?	_____	_____	_____

Accounting Standards

45. At least annually, do accounting personnel foot the write on the restricted copy of written tickets for a minimum of one shift and trace the total to the total produced by the system?	_____	_____	_____
46. Do accounting personnel foot the customer copy of paid tickets for a minimum of one cashier station per month and trace the totals to those produced by the system?	_____	_____	_____
47. Are the write and payouts compared to the cash proceeds/disbursements with a documented investigation being performed on all large variances (i.e., overages or shortages greater than \$100.00 per writer/cashier)?	_____	_____	_____

Auditing Standards

48. For all sports book winning tickets and parlay card tickets in excess of \$10,000, for all race book winning tickets in excess of \$1,000, and for a random sample of .2% (two tenths of one percent) of all other winning race book and sports book tickets:			
a. Are the tickets recalculated and regraded using the computer record of event results?	_____	_____	_____
b. Are the date and starting time of the event/race per the results report compared to the date and time stamp on the ticket and in the computer sales/transaction report?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
c. Are the terms of the wagers (e.g., point spreads, money-lines, etc.) per the computer sales/transaction report or per the results report (if that summary lists all point spreads and money lines at which wagers were written or if an equivalent report satisfying this requirement is produced) reviewed and compared to an independent source for extravagant or questionable activity?	_____	_____	_____
49. For all voided tickets:			
a. Are the computer reports which display voided ticket information examined to verify that tickets were properly voided prior to the cutoff times for event wagering?	_____	_____	_____
b. Are the voided tickets examined for a void designation and proper signatures?	_____	_____	_____
50. Is the book's computerized summary of events/results report traced to an independent source for 5% of all sporting events and 5% of all races to verify the accuracy of starting times (if available from an independent source) and final result?	_____	_____	_____
51. Are exception reports reviewed on a daily basis for propriety of transactions and unusual occurrences including:			
a. Changes to the personnel access listing?	_____	_____	_____
b. Changes in odds, cut-off times, results, event data?	_____	_____	_____
52. Is any investigation performed regarding the exception reports documented?	_____	_____	_____
53. At least one day per calendar quarter are the computer-generated reports reviewed for proper handling of future wagers, unpaid winners, and wagering accounts?	_____	_____	_____

Statistics

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
Testing of Question 54 is required.			
Scope: Select all statistical reports for 2 days per year. Test days must be in non-consecutive months.			
54. Are reports maintained for each month and year-to-date (or as otherwise specified by regulation) which indicate the total amount of wagers accepted, total amount paid out on winning wagers, the net amount won by the book, and the win-to-write percentage for:			
a. Each sport (e.g., baseball, basketball, football, hockey, golf, boxing, etc.)?	_____	_____	_____
b. Sports parlay cards?	_____	_____	_____
c. Horse/greyhound racing?	_____	_____	_____
55. Is this information presented to and reviewed by management independent of the race and sports book on at least a monthly basis?	_____	_____	_____
56. Does the above referenced management investigate any unusual statistical fluctuations with race and sports book personnel? This review will be performed by comparing the current period statistics for each type of event with those of applicable prior periods.	_____	_____	_____
57. Are the results of such investigations documented in writing and maintained?	_____	_____	_____

Wagering Accounts

The following questions address the minimum acceptable credit procedures. If credit adjustments are listed on the NGC tax returns, the requirements of Regulation 6.120 must also be met.

58. Before a book accepts a wager or receives wagering information from a patron by wire communication:			
a. Does the patron personally appear at the premises of the book?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
b. Does an employee of the book examine, in the patron's presence, the patron's valid driver's license or other reliable identity credential?	_____	_____	_____
c. Does the employee record:			
1) The patron's name, permanent home address (other than a post office box number), and home telephone number?	_____	_____	_____
2) The patron's mailing address and, if the mailing address is not a post office box number and is a residence or place of business of the patron, the telephone number of the residence or place of business?	_____	_____	_____
3) The patron's date of birth and social security number?	_____	_____	_____
4) The method used to verify the patron's identity and residence, and a description, including the document number, of the identity credential examined?	_____	_____	_____
5) The patron's approved credit limit or the amount of the patron's initial front money deposit?	_____	_____	_____
6) The patron's account number with the book?	_____	_____	_____
7) The date the patron's account with the book is opened?	_____	_____	_____
59. For each account established by a book permitting a patron to wager on credit, does the book:			
a. Record and verify such information as is necessary for the efficient collection of debts, including the name and address of the patron for whom the book establishes the account?	_____	_____	_____
b. Comply with the requirements for establishing wagering accounts pursuant to Regulation 22?	_____	_____	_____

Wire Communication Wagers

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

RACE AND SPORTS BOOKS

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
60. Are procedures established to prevent the acceptance of wagers from persons other than the bettors for whom wagering accounts are established, to ensure the proper identity of patrons making wagers by wire communication, and to verify that the wire communication originated in Nevada?	_____	_____	_____
61. For each wagering or credit account established, does the computer record:			
a. The date, amount, and a description of each debit and credit to the account?	_____	_____	_____
b. For each wager accepted:			
1) The date the book accepts the wager?	_____	_____	_____
2) The number of the betting ticket?	_____	_____	_____
3) The amount of the wager?	_____	_____	_____
c. The personal identification number or other security code, if any, assigned to the patron?	_____	_____	_____
62. Are all credit limits in excess of a specified amount (not to exceed \$20,000) approved in advance by management independent of the book, if possible, or at a minimum by an individual at the level of book manager?	_____	_____	_____
63. Is a master listing of all wagering accounts prepared and reconciled to the individual account balances at least monthly?	_____	_____	_____

Write-Off Standards

64. Are written-off wagering accounts authorized in writing by at least two management officials from departments independent of the credit transaction?	_____	_____	_____
65. Is access to written-off wagering accounts/credit instruments restricted to individuals specified by management?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use “criteria established by the chairman” in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee’s pari-mutuel wagering operations are in compliance with the Pari-Mutuel Wagering Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Note 1: For any Board-authorized computer applications, alternate documentation and/or procedures which achieve the objectives of the Minimum Internal Control Standards will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability.

Note 2: The term “SAM” as used in this questionnaire refers to a “screen activated machine”.

Yes No W/P
Ref.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
<i>Betting Ticket and Equipment</i>			
1. Are all pari-mutuel wagers transacted through the pari-mutuel system?	_____	_____	_____
2. Whenever a betting station is opened for wagering or turned over to a new writer/cashier, does the writer/cashier sign on and the computer documents the following:			
a. Casino name?	_____	_____	_____
b. Station number?	_____	_____	_____
c. The writer/cashier identifier?	_____	_____	_____
d. The date and time?	_____	_____	_____
3. Does the betting ticket consists of at least the following three parts:			
a. An original which is transacted and issued through a printer and given to the patron?	_____	_____	_____
b. A copy which is recorded concurrently with the generation of the original ticket either on paper or other storage media (e.g., tape or diskette)?	_____	_____	_____
c. A restricted copy which is not accessible to book employees?	_____	_____	_____
4. Upon accepting a wager, does the betting ticket which is created contain the following:			
a. An alpha-numeric ticket number?	_____	_____	_____
b. Casino name and station number?	_____	_____	_____
c. Race track, race number, horse identification or event identification, as applicable?	_____	_____	_____
d. Type of bet(s), each bet amount, total number of bets, and total take?	_____	_____	_____
e. Date and time?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
5. Is a void betting ticket either:			
a. Immediately branded with a void designation by the computer on the ticket? or	_____	_____	_____
b. If a ticket is voided manually, by inputting the ticket sequence number and immediately writing/stamping a void designation on the original ticket?	_____	_____	_____
6. For all void tickets, are the tickets signed by the writer/cashier and the supervisor at the time of the void?	_____	_____	_____
7. Are not-in-computer voids either prohibited or, if not-in-computer voids are permitted, is no adjustment to gross revenue made?	_____	_____	_____
8. Are future wagers accepted and processed in the same manner as regular wagers?	_____	_____	_____

Payouts

9. Prior to making payment on a ticket, does the writer/cashier input the ticket for verification and payment authorization?	_____	_____	_____
10. Does the system brand the ticket with:			
a. A paid designation?	_____	_____	_____
b. The amount of payment?	_____	_____	_____
c. The date?	_____	_____	_____
11. If a writer/cashier manually inputs the ticket sequence number into the computer, does the writer/cashier immediately date stamp and write/stamp a paid designation on the patron's ticket?	_____	_____	_____
12. Is the computer incapable of authorizing payment on a ticket which has been:			
a. Previously paid?	_____	_____	_____
b. A voided ticket?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
c. A losing ticket?	_____	_____	_____
d. An unissued ticket?	_____	_____	_____
<u>13.</u> In those instances where system failure has occurred and tickets are manually paid, is a log maintained which includes:			
a. Date and time of system failure?	_____	_____	_____
b. Reason for failure?	_____	_____	_____
c. Date and time system restored?	_____	_____	_____
14. Are all manually paid tickets entered into the computer system as soon as possible to verify the accuracy of the payout (this does not apply to purged, unpaid winning tickets)?	_____	_____	_____
15. Are all manually paid tickets regraded as part of the end-of-day audit process should the computer system be inoperative?	_____	_____	_____

Checkout

16. Whenever the betting station is closed or the writer/cashier is replaced, does the writer/cashier sign off and the computer documents:			
a. The casino name?	_____	_____	_____
b. The station number?	_____	_____	_____
c. The writer/cashier identifier?	_____	_____	_____
d. The date and time?	_____	_____	_____
e. The cash balance?	_____	_____	_____

Testing summary reports for compliance with Question 17 is required.

Scope: Select 1 summary report per day for 2 days per year. Test days must be in non-consecutive months.

17. For each writer/cashier station is a summary report completed at the

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
conclusion of each shift including:			
a. Computation of cash turned in for the shift?	_____	_____	_____
b. Signatures of two employees who have verified the cash turned in for the shift?	_____	_____	_____

Employee Segregation of Duties

18. Are pari-mutuel book employees prohibited from wagering on race/sporting events while on duty, including during break periods? _____

Pari-mutuel race book employees are not prohibited from placing wagers from the customer area in the sports pool, and pari-mutuel sports book employees are not prohibited from placing wagers from the customer area in the race book.

Computer Reports

19. Is adequate documentation of all pertinent pari-mutuel information generated by the computer system? _____
20. Is this documentation restricted to authorized personnel? _____
- 21.** Is the documentation created daily and includes, at a minimum:
- a. Ticket/voucher number? _____
- b. Date/time of transaction? _____
- c. Type of wager.? _____
- d. Horse identification or event identification? _____
- e. Amount of wagers (by ticket, writer/SAM, track/event, and total)? _____
- f. Amount of payouts (by ticket, writer/SAM, track/event, and total)? _____
- g. Tickets refunded (by ticket, writer, track/event, and total)? _____
- h. Unpaid winners/vouchers ("outs") (by ticket/voucher, _____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
track/event, and total)?	_____	_____	_____
i. Voucher sales/payments (by ticket, writer/SAM, and track/event)?	_____	_____	_____
j. Voids (by ticket, writer, and total)?	_____	_____	_____
k. Future wagers (by ticket, date of event, total by day, and total at the time of revenue recognition)?	_____	_____	_____
l. Results (winners and payout data)?	_____	_____	_____
m. Breakage data (by race and track/event)?	_____	_____	_____
n. Commission data (by race and track/event)?	_____	_____	_____
o. Purged data (by ticket and total)?	_____	_____	_____
 Testing of the following reports for compliance is required.			
 Scope: Select 1 of each report for 2 days per year. Test days should be in non-consecutive months.			
<u>22.</u> Does the system generate the following reports:	_____	_____	_____
a. A daily reconciliation report that summarizes totals by track/event, including:			
1) Write?	_____	_____	_____
2) Today's winning ticket total?	_____	_____	_____
3) Total commission and breakage due the licensee?	_____	_____	_____
4) Net funds transferred to or from the licensee's bank account?	_____	_____	_____
b. An exception report that contains a listing of all system functions and overrides not involved in the actual writing or cashing of tickets, including:			
1) Sign-on/offers?	_____	_____	_____
2) Voids?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
3) Manually input paid tickets?	_____	_____	_____
c. A purged ticket report that contains:			
1) A listing of ticket numbers?	_____	_____	_____
2) A description?	_____	_____	_____
3) The ticket cost and value?	_____	_____	_____
4) The date purged?	_____	_____	_____

Accounting and Auditing Functions

23. Is the pari-mutuel audit conducted by someone independent of the race, sports, and pari-mutuel operations?	_____	_____	_____
24. Is documentation maintained evidencing the performance of all pari-mutuel accounting and auditing procedures?	_____	_____	_____
25. Does an accounting employee examine the daily reconciliation report, compare it to the revenue summary produced by the system, and recalculate the net amount due to or from the systems operator?	_____	_____	_____
26. Does an accounting employee reconcile transfers with the bank statements on a monthly basis?	_____	_____	_____
27. Does the auditor verify daily cash turn-in by comparing actual cash turned in to cash turn-in per pari-mutuel reports?	_____	_____	_____
Note: Beginning balance, (+) fills (draws), (+) net write (sold less voids), (-) payouts (net of IRS withholding), (-) moneybacks (pays), (=) cash turn-in.			
28. For one track/event per day, does the auditor verify commissions per the daily reconciliation report by recalculating track/event commissions?	_____	_____	_____
29. For the track/event selected above, does the auditor verify daily transfers due to/from the systems operator by recalculating the deposits?	_____	_____	_____

Note: Net sales, (+) negative breakage, (-) commissions, (-) positive

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
breakage, (-) accrual pays, (=) deposit.			
30. Does an accounting employee produce a gross revenue recap report to calculate gross revenue on a daily and month-to-date basis, including the following totals:			
a. Commission?	_____	_____	_____
b. Positive breakage?	_____	_____	_____
c. Negative breakage?	_____	_____	_____
d. Track/event fees?	_____	_____	_____
e. Track/event fee rebates?	_____	_____	_____
f. Purged tickets?	_____	_____	_____
31. Are track/event fees and track/event fee rebates traced to the invoices received from the systems operator?	_____	_____	_____
32. Are all winning tickets and vouchers from the SAM's removed on a daily basis by an accounting employee?	_____	_____	_____
33. Are SAM's winning tickets and vouchers immediately delivered to the accounting department?	_____	_____	_____
34. Does the auditor perform the following procedures:			
a. For one SAM per day, foot the winning tickets and vouchers deposited and trace to the totals of SAM activity produced by the system?	_____	_____	_____
b. Foot the listing of cashed vouchers and trace to the totals produced by the system?	_____	_____	_____
c. Review all exceptions for propriety of transactions and unusual occurrences?	_____	_____	_____
d. Review all voids for propriety?	_____	_____	_____
e. For one day per week, verify the results as produced by the system to the results provided by the wire service?	_____	_____	_____
f. For one day per week, regrade 1% of paid (cash) tickets to			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

PARI-MUTUEL WAGERING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
ensure accuracy and propriety?	_____	_____	_____
g. When applicable, reconcile the daily totals of future tickets written to the totals produced by the system for both unearned and earned take, and review the reports to ascertain that future wagers are properly included on the day of the event?	_____	_____	_____
35. At least annually does the auditor perform the following:			
a. Foot the wagers for one day and trace to the total produced by the system?	_____	_____	_____
b. Foot the customer copy of paid tickets for one day and trace to the total produced by the system?	_____	_____	_____
36. At least one day per quarter, does the auditor recalculate and verify the change in the unpaid winners to the total purged tickets?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ENTERTAINMENT

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use “criteria established by the chairman” in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee’s entertainment operations are in compliance with the Entertainment Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Entertainment areas are defined in NRS 463.401 and Regulation 13, and include showrooms, lounges, adjacent bars when entertainment can be clearly seen and heard, areas where dancing is permitted and piano bars when singing is allowed. Note that poolside and beach activities are never taxable.

List all areas subject to casino entertainment tax:

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ENTERTAINMENT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
<i>Entertainment Sales Controls</i>			
1. Are all sales in areas subject to casino entertainment tax recorded in such a manner as to be readily identifiable by individual sale, in total, and by area for applicable periods of entertainment status? Describe how.	_____	_____	_____
2. Are all sales identifiable by type (i.e., taxable, nontaxable and complimentary)?	_____	_____	_____
3. Is internal cash register tape/information inaccessible to bartenders/cashiers (e.g., keys are maintained by an individual independent of these functions)?	_____	_____	_____
4. Do all cash register overrings or admission ticket voids require the authorization and verification of the shift supervisor or another individual independent of the transaction?	_____	_____	_____
5. Do all food, beverage, and admission complimentaries require the authorization of appropriate personnel?	_____	_____	_____
6. Is the computation of cash proceeds for each bartender/cashier documented, verified, and signed by at least two employees?	_____	_____	_____
7. Are the bartenders'/cashiers' banks reconciled to the entertainment sales with an investigation being performed into large cash overages or shortages?	_____	_____	_____
8. Are show admission tickets safeguarded, and are appropriate procedures employed in the distribution, use and control of same? State procedures.	_____	_____	_____

Package Programs

9. If package programs and/or discount show tickets are used, is the following documentation maintained:			
a. Copies of the package programs, discount show tickets, fliers, and price breakdowns?	_____	_____	_____

Note: For licensees that elect to pay casino entertainment tax on retail, price breakdowns are not required for package

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ENTERTAINMENT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
programs.			
b. Effective dates of the above items?	_____	_____	_____
c. Number of packages/tickets sold by type?	_____	_____	_____
d. Retail price of each item in the packages (a reasonable monthly estimate/average will be acceptable)?	_____	_____	_____
<i>Accounting Standards</i>			
10. Are the dates and time periods during which taxable entertainment is provided documented?	_____	_____	_____
Note: The above information may be documented by a department other than accounting. State the department.			
11. Are entertainment contracts, if used, reviewed and reconciled to the periods during which entertainment sales are made?	_____	_____	_____
Note: A reconciliation is not necessary for locations with a consistent and routine showroom/lounge entertainment schedule which is documented and retained.			
12. If less than 2,750 tickets are sold for an event and the event is determined to be nontaxable, are records maintained supporting the nontaxable status?	_____	_____	_____
13. For licensees that report entertainment revenue based on admission tickets redeemed, are records maintained that reconcile show admission ticket sales to redeemed tickets, by type of ticket?	_____	_____	_____
14. Are food and beverage summaries reviewed to verify the propriety of complimentary charges?	_____	_____	_____
15. Are recording procedures for entertainment sales (see Question 1) monitored for correctness at least monthly by someone independent of those procedures?	_____	_____	_____
Note: Question 15 does not apply to Group II licensees.			
16. Are all entertainment period sales, including complimentarys, summarized and posted to the accounting records?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ENTERTAINMENT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
17. For locations with non-computerized entertainment sales systems, are all cash register tapes reviewed to ensure the register was totaled/subtotaled properly?	_____	_____	_____
18. For each entertainment area, at least annually do accounting personnel foot individual sales subject to casino entertainment tax (i.e., on the cash register tape or the computerized system transaction report), trace the total to the total on the tape/system and document and maintain any variances?	_____	_____	_____
Note: Board approved software may be used to perform this requirement.			
19. Is documentation (e.g., a log, checklist, etc.) maintained evidencing the performance of all entertainment accounting standards?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's cage and credit operations are in compliance with the Cage and Credit Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

Note 1: For the purpose of completing this checklist, classify the licensee as one of two categories.

Category A is defined as those licensees whose pit credit issues on NGC-31's for the 12 months ended June 30 exceed the greater of (a) \$400,000 or (b) twenty percent (20%) of gross gaming revenue. All Questions apply to category A. Category B is defined as those licensees issuing lesser amounts. Questions 5, 14, 20, 21, 22 and 44 do not apply to category B.

If a full year's collection figure is not available, the figures that are available should be annualized and evaluated against this requirement.

State licensee's category: _____

The term "licensee" is intended to include race and sports books who cash checks for patrons.

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

Note 2: The definitions of categories A and B in Note 1 are intended to apply only to those licensees who have pit credit and/or include credit adjustments on their NGC-1's. If a licensee has no pit credit and makes no adjustments for returned checks or cage credit on their NGC-1's, only Questions 10-13 and 30-38 need be answered.

Note 3: The following Questions address the minimum acceptable credit procedures. The requirements of Regulation 6.120 must also be met if credit instruments are not to be included in gross gaming revenue.

Note 4: For any Board-authorized computer applications, alternate documentation and/or procedures which provide at least the level of control described will be acceptable. Such alternate documentation and/or procedures must be described in detail as to their acceptability.

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
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Authorization and Extension of Credit

Testing of Question 1 is required.

Scope: Select 10 documents evidencing the authorization and extension of credit.

1. Is at least the following information recorded for patrons who have credit limits or are issued credit greater than \$1,000 (excluding payroll checks, cashier's checks, and travelers checks):

a. Patron's name, current address, and signature?	_____	_____	_____
b. Identification verifications?	_____	_____	_____
c. Authorized credit limit?	_____	_____	_____
d. Documentation of authorization by an individual designated by management to approve credit limits?	_____	_____	_____
e. Credit issuances and payments?	_____	_____	_____

2. Prior to extending credit, is the patron's credit card and/or other documentation examined to determine the following:

a. Properly authorized credit limit?	_____	_____	_____
b. Whether remaining credit is sufficient to cover the advance?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
c. Identity of the patron (except for known patrons)?	_____	_____	_____
3. Are credit extensions over a specified dollar amount approved by personnel designated by management? Indicate the amount(s) and designated personnel.	_____	_____	_____
4. Is proper approval of credit extensions over 10 percent of the previously established limit or \$1,000, whichever is greater, documented?	_____	_____	_____
5. Are the job functions of credit approval (i.e., establishing the patron's credit worthiness) and credit extension (i.e., monitoring patron's credit play activity/availability) segregated for credit extensions to a single patron of \$10,000 or more per day (applies whether extended in the pit or the cage)?	_____	_____	_____
6. If cage credit is extended to a single patron in an amount exceeding \$2,500, are applicable gaming personnel notified on a timely basis of the patrons playing on cage credit, the applicable amount of credit issued, and the available balance?	_____	_____	_____
7. Are cage marker forms at least two parts (the original marker and a payment slip), prenumbered by the printer or concurrently numbered by the computerized system, and utilized in numerical sequence?	_____	_____	_____
8. Does the completed original cage marker contain at least the following information: marker number, player's name and signature, and amount of credit issued (both alpha and numeric)?	_____	_____	_____
9. Does the completed payment slip include the same marker number as the original, date and time of payment, amount of payment, nature of settlement (cash, chips, etc.), and signature of cashier receiving the payment?	_____	_____	_____
If a check guarantee service is <u>not</u> used to guarantee payment of an instrument, the following Question must be answered:			
10. If personal checks, cashier's checks, or payroll checks are cashed (except for instruments cashed which are supported by the documentation in item #1), does the cage cashier:			
a. Examine and record at least one item of patron identification (e.g., driver's license)?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
b. Record a bank check guarantee number or type of credit card and expiration date (not required for third party checks, e.g., payroll checks and cashier's checks)?	_____	_____	_____
c. Make a reasonable effort to verify business authenticity (for payroll checks)?	_____	_____	_____
11. Are counter checks in excess of \$1,000 not issued unless the information required by Question 1 has been documented?	_____	_____	_____
12. When counter checks are issued, is the following included on the check:			
a. The patron's name and signature?	_____	_____	_____
b. The dollar amount of credit extended (both alpha and numeric)?	_____	_____	_____
c. Date of issuance?	_____	_____	_____
d. Signature or initials of the individual approving the credit extension?	_____	_____	_____
13. When travelers checks/guaranteed drafts are presented, does the cashier comply with the examination and documentation procedures as required by the issuer?	_____	_____	_____
Testing of Questions 14-17 is required.			
Scope: Select 2 outstanding credit instruments transferred to branch offices per day for 2 days per year. Test days must be in non-consecutive months.			
14. If outstanding credit instruments are transferred to branch offices, collection agencies, or other collection representatives, are a copy of the credit instrument and a receipt from the collection representative obtained and maintained until such time as the credit instrument is returned or payment is received?	_____	_____	_____
15. Is a detailed listing maintained to document all outstanding credit instruments which have been transferred to other offices as indicated above?	_____	_____	_____
16. Do branch offices maintain a detailed listing of outstanding credit instruments in their custody?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
17. Are the listings in Question 15 prepared or reviewed by an individual independent of credit transactions and collections thereon?	_____	_____	_____

Payment Standards

18. Are all payments received on outstanding credit instruments permanently recorded in the licensee's records and at the branch office (if applicable)?	_____	_____	_____
--	-------	-------	-------

Testing of Question 19 is required.

Scope: Select 3 multi-part partial payment receipts per day for 2 days per year. Test days must be in non-consecutive months.

19. When partial payments are made on credit instruments, are they evidenced by a multi-part receipt (or another equivalent document) which contains:			
a. The same receipt number on all copies?	_____	_____	_____
b. Patron's name?	_____	_____	_____
c. Date of payment.?	_____	_____	_____
d. Dollar amount of payment (or remaining balance if a new marker is issued), and nature of settlement (cash, chips, etc.)?	_____	_____	_____
e. Signature or initials of individual receiving payment?	_____	_____	_____
f. Number of marker on which payment is being made?	_____	_____	_____

The following three Questions need not be answered if account balances are routinely confirmed on a random basis by the accounting or internal audit departments, if statements are mailed by someone independent of the credit transactions and collections thereon, and the department receiving payments cannot access cash.

20. Do the routing procedures for payments by mail require that they are received by a department independent of credit instrument custody and collection.? Indicate the department.	_____	_____	_____
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STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
Testing of Question 21 is required.			
Scope: Select 1 mail payment listing per day for 2 days per year. Test days must be in non-consecutive months.			
21. Are such receipts by mail documented on a listing indicating the following:			
a. Customer's name?	_____	_____	_____
b. Amount of payment?	_____	_____	_____
c. Nature of payment (if other than a check)?	_____	_____	_____
d. Date payment received?	_____	_____	_____
22. Is the total amount of the listing of mail receipts reconciled with the total mail receipts recorded on the appropriate accountability by the accounting department on a random basis (for at least 3 days per month)?	_____	_____	_____

Access to Credit Documentation

23. Is access to the credit information restricted to those positions which require access and are so authorized by management?	_____	_____	_____
24. Is access to outstanding credit instruments restricted to persons authorized by management?	_____	_____	_____
25. Is access to written-off credit instruments further restricted to individuals specified by management?	_____	_____	_____

Documentation

26. Are all extensions of cage credit, pit credit transferred to the cage and subsequent payments documented on a credit instrument control form?	_____	_____	_____
27. Are records of all correspondence, transfers to and from outside agencies, and other documents related to issued credit instruments maintained?	_____	_____	_____
28. Are written-off or settled credit instruments authorized in writing?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
29. Are such authorizations made by at least two management officials, other than branch office personnel, who are from departments independent of the credit transaction?	_____	_____	_____

Customer Deposits

Testing of Questions 30-31 is required.

Scope: Select 2 documents evidencing the receipt or disbursement of customer deposits for 2 days per year. Test days must be in non-consecutive months.

30. Is the receipt or withdrawal of a customer deposit evidenced by at least a two-part document with one copy going to the customer and one copy remaining in the cage file?	_____	_____	_____
--	-------	-------	-------

31. Does the multi-part receipt contain the following information:			
a. Same receipt number on all copies?	_____	_____	_____
b. Customer's name and signature?	_____	_____	_____
c. Date of receipt and withdrawal?	_____	_____	_____
d. Dollar amount of deposit/withdrawal?	_____	_____	_____
e. Nature of deposit (cash, check, chips)?	_____	_____	_____

Note: Provided ALL of the above information (a through e) is available, the only required information for all copies of the receipt is the receipt number.

32. Are procedures established to:			
a. Maintain a detailed record by patron name and date of all funds on deposit?	_____	_____	_____
b. Maintain a current balance of all customer deposits which are in the cage/vault inventory or accountability?	_____	_____	_____
c. Reconcile this current balance with the deposits and withdrawals at least daily?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
<i>Cage/Vault Accountability</i>			
33. Are all transactions that flow through the casino cage summarized on a cage accountability form on a per shift basis?	_____	_____	_____
34. Are increases and decreases to the cage inventory supported by documentation?	_____	_____	_____
35. Are the cage and vault inventories (including coin rooms/vaults) counted by at least two persons and recorded at the end of each shift during which activity took place (at least once daily)?	_____	_____	_____
36. Are all net changes in outstanding casino accounts receivables, including all returned checks, summarized on a cage accountability form or similar document on a per shift basis?	_____	_____	_____
37. Is such information summarized and posted to the accounting records on at least a monthly basis?	_____	_____	_____

Accounting Standards

Note: The term casino accounts receivable, as used in these Questions, includes any item (including returned checks) deducted on the NGC tax returns.

38. Is the cage accountability reconciled to the general ledger at least monthly?	_____	_____	_____
39. Is a trial balance of casino accounts receivable, including the name of patron and current balance, prepared at least monthly for active, inactive, settled or written-off accounts? (A listing of written-off items, i.e., worthless items at the time of write-off, and another listing of payments on items previously written-off are acceptable.)	_____	_____	_____
40. Is the reclassification of an unpaid balance between the various casino accounts receivable listings not reflected on the NGC tax returns?	_____	_____	_____
41. Is the trial balance of casino accounts receivable reconciled to the general ledger each month?	_____	_____	_____
42. Are all casino accounts receivable listings reconciled to the NGC tax returns each month?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
Note: One method to perform the reconciliation is:			

Change in listings balance (beginning balance less ending balance), (+) marker credits, (-) "net adjustments" (from line 2(d) on the NGC-1 tax return), (=) zero.

- | | | | |
|---|-------|-------|-------|
| 43. Is the reconciliation and any follow-up performed documented and maintained? | _____ | _____ | _____ |
| 44. On a monthly basis, does the licensee calculate the collection percentage, looking for unusual trends, as follows: | | | |
| a. The total of: | | | |
| 1) Collections in areas other than the pit, and | | | |
| 2) +/- Returned checks (if applicable) | | | |
| b. Divided by the sum of: | | | |
| 1) Pit marker credits, and | | | |
| 2) Cage credit issues? | _____ | _____ | _____ |

Auditing Standards

- | | | | |
|---|-------|-------|-------|
| 45. In addition to the procedures required by the Internal Audit Checklist, does an individual independent of the cage, credit, and collection functions perform all of the following at least three times per year: | | | |
| a. Ascertain compliance with credit limits and other established credit issuance procedures? | _____ | _____ | _____ |
| b. Randomly reconcile outstanding balances of both active and inactive accounts on the listing to individual credit records and physical instruments? | _____ | _____ | _____ |
| c. Examine credit records to determine that appropriate collection efforts are being made and payments are being properly recorded? | _____ | _____ | _____ |

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

CAGE AND CREDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
d. For a minimum of five (5) days per month, partial payment receipts are subsequently reconciled to the total payments recorded by the cage for the day and are numerically accounted for?	_____	_____	_____
46. Are all cage and credit accounting/auditing procedures and any follow-up performed documented?	_____	_____	_____

Branch Offices

47. Do branch offices comply with Questions 14-19 and 27-32?	_____	_____	_____
48. At least monthly does a home office employee independent of branch office operations and the cage department reconcile the listing prepared pursuant to Question 16 to the credit issuances and payments recorded by the cage?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ELECTRONIC DATA PROCESSING

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's electronic data processing operations are in compliance with the Electronic Data Processing Minimum Internal Control Standards.

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Unless otherwise instructed, examine a completed document for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ Confirmed via examination/review
_____ Confirmed via inquiry
_____ Confirmed via observation

General Controls

Questions 1-7 must be addressed for each gaming application and each casino entertainment application.

Indicate the manufacturer and model type of computerized system(s) in use for each area:

VERSION 1
EFFECTIVE: NOVEMBER 1, 1997

PAGE 1 OF 5

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ELECTRONIC DATA PROCESSING

Area	Manufacturer and Model Type	Period In Use

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
1. Are the main computers (i.e., hardware, software and data files) for each gaming application (e.g., keno, race and sports, slots, etc.) and each casino entertainment application in a secured area with access restricted to authorized persons, including vendors?	_____	_____	_____
2. Are gaming and food/beverage personnel precluded from having unrestricted access to the secured computer areas?	_____	_____	_____
3. Are the computer systems, including application software, secured through the use of passwords or other approved means?	_____	_____	_____
4. Do management personnel or persons independent of the department being controlled assign and control access to system functions? State the position or department.	_____	_____	_____
5. Are passwords controlled as follows unless otherwise addressed in these questionnaires:			
a. Each user has their own individual password?	_____	_____	_____
b. Passwords are changed at least quarterly with changes documented?	_____	_____	_____
6. Are adequate backup and recovery procedures in place, and if applicable, include:			
a. Daily backup of data files?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ELECTRONIC DATA PROCESSING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
b. Backup of all programs?	_____	_____	_____
c. Secured off-site storage of all backup data files and programs, or other adequate protection?	_____	_____	_____
d. The testing of recovery procedures at least annually?	_____	_____	_____
7. Is adequate system documentation maintained, including descriptions of both hardware and software, operator manuals, etc.?	_____	_____	_____

EDP Department

If a separate EDP department is maintained or if there are in-house developed systems, Questions 8 through 11 must be answered.

8. Is the EDP department independent of the gaming areas (e.g., cage, pit, count rooms, etc.)?	_____	_____	_____
9. Are EDP department personnel precluded from unauthorized access to:			
a. Computers and terminals located in gaming areas?	_____	_____	_____
b. Source documents?	_____	_____	_____
c. Live data files (not test data)?	_____	_____	_____
10. Are program changes for in-house developed systems documented as follows:			
a. Requests for new programs or program changes are reviewed by the EDP supervisor?	_____	_____	_____
b. Approvals to begin work on the program are documented?	_____	_____	_____
c. A written plan of implementation for new and modified programs is maintained and includes, at a minimum:			
1) The date the program is to be placed into service?	_____	_____	_____
2) The nature of the change (if applicable)?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ELECTRONIC DATA PROCESSING

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
3) A description of procedures required in order to bring the new or modified program into service (conversion or input of data, installation procedures, etc.)?	_____	_____	_____
4) An indication of who is to perform all such procedures?	_____	_____	_____
d. Testing of new and modified programs is performed and documented prior to implementation?	_____	_____	_____
e. A record of the final program or program changes, including evidence of user acceptance, date in service, programmer, and reason for changes, is documented and maintained?	_____	_____	_____
11. Are computer security logs, if generated by the system, reviewed by EDP supervisory personnel for evidence of:			
a. Multiple attempts to log-on? or	_____	_____	_____
b. Does the system deny user access after three attempts to log-on?	_____	_____	_____
c. Changes to live data files?	_____	_____	_____
d. Any other unusual transactions?	_____	_____	_____

Note: This question does not apply to personal computers.

Modems

12. If remote dial-up to any associated equipment is allowed for software support, does the licensee maintain an access log which includes:			
a. Name of employee authorizing modem access?	_____	_____	_____
b. Name of authorized programmer or manufacturer representative?	_____	_____	_____
c. Reason for modem access?	_____	_____	_____
d. Description of work performed?	_____	_____	_____
e. Date and time?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

ELECTRONIC DATA PROCESSING

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
f. Duration of access?	_____	_____	_____

Optical Disk Document Storage

- | | | | |
|---|-------|-------|-------|
| 13. For documents that are scanned or directly stored to WORM (“Write Once Read Many”) optical disk are the following conditions complied with: | | | |
| a. The optical disk contains the exact duplicate of the original document? | _____ | _____ | _____ |
| b. All documents stored on optical disk are maintained with a detailed index containing the casino department and date in accordance with Regulation 6.040(1)? | _____ | _____ | _____ |
| c. Do controls exist to ensure the accurate reproduction of records, up to and including the printing of stored documents used for auditing purposes? | _____ | _____ | _____ |
| 14. If source documents and summary reports are stored on re-writeable optical disks, are the disks not relied upon for the performance of any audit procedures, and are the original documents and summary reports retained? | _____ | _____ | _____ |

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

INTERNAL AUDIT

Client _____ **Audit** _____ **Prepared**
Name: _____ **Period:** _____ **By:** _____

NGC Regulation 6.090(9) requires the CPA to use "criteria established by the chairman" in determining whether a Group I or Group II licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee's internal audit operations are in compliance with the Internal Audit Minimum Internal Control Standards.

Note: This checklist is only to be completed if the CPA is NOT engaged to perform both the internal audit procedures required by the Minimum Internal Control Standards and the procedures required by Regulation 6.090(9).

Indicate licensee personnel contacted:

Date of Inquiry	Person Interviewed	Position

Obtain copies of internal audit findings. Examine completed documents for compliance for those Questions referring to records/documentation (denoted by underlined question numbers in bold print), recalculating where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used:

_____ **Confirmed via examination/review**
_____ **Confirmed via inquiry**
_____ **Confirmed via observation**

- | | | | |
|---|------------|-----------|---------------------------|
| | <u>Yes</u> | <u>No</u> | <u>W/P</u>
<u>Ref.</u> |
| 1. For licensees who are not required to maintain a separate internal audit department, do personnel who are independent with respect to the departments/procedures being examined perform internal audit work? | _____ | _____ | _____ |

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

INTERNAL AUDIT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
Indicate the job positions of the individuals performing the work:			

2. Is documentation (e.g., checklists, programs, reports, etc.) prepared to evidence all internal audit work performed as it relates to these requirements?	-----	-----	-----
3. Are the results of internal audit work reported to management or ownership personnel who are independent of the departments under audit?	-----	-----	-----
4. Are all material exceptions resulting from internal audit work investigated and resolved, with the results of such being documented and retained for five years?	-----	-----	-----
5. Whenever possible are internal audit observations performed without the employees being knowledgeable that their activities are being observed?	-----	-----	-----
6. Are the following reviewed at least once during every six-month period:			
a. Table games			
1) Fill and credit procedures?	-----	-----	-----
2) Pit credit play procedures?	-----	-----	-----
3) Rim credit procedures?	-----	-----	-----
4) Soft drop/count procedures and the subsequent transfer of funds?	-----	-----	-----
5) Surprise testing of count room currency counters?	-----	-----	-----
6) Location and control over sensitive keys?	-----	-----	-----
7) The tracing of source documents to summarized documentation and accounting records?	-----	-----	-----
8) Reconciliation to restricted copies?	-----	-----	-----
b. Slots			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

INTERNAL AUDIT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
1) Jackpot payout and slot fill procedures?	_____	_____	_____
2) Slot drop/count and subsequent transfer of funds?	_____	_____	_____
3) Currency acceptor drop/count and subsequent transfer of funds?	_____	_____	_____
4) Surprise testing of weigh scale and weigh scale interface?	_____	_____	_____
5) Surprise testing of count room currency counters?	_____	_____	_____
6) Slot machine drop cabinet access?	_____	_____	_____
7) Tracing of source documents to summarized documentation and accounting records?	_____	_____	_____
8) Reconciliation to restricted copies?	_____	_____	_____
9) Location and control over sensitive keys?	_____	_____	_____
10) Compliance with EPROM duplication procedures?	_____	_____	_____
7. Are the following reviewed at least annually:			
a. Keno			
1) Game write and payout procedures?	_____	_____	_____
2) Sensitive key location and control?	_____	_____	_____
3) Review of keno auditing procedures?	_____	_____	_____
b. Card games			
1) Card games operation?	_____	_____	_____
2) Monetary exchange procedures?	_____	_____	_____
3) Shill transactions?	_____	_____	_____
4) Count procedures?	_____	_____	_____
c. Bingo			

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

INTERNAL AUDIT

	<u>Yes</u>	<u>No</u>	<u>W/P</u> <u>Ref.</u>
1) Bingo card control?	_____	_____	_____
2) Payout procedures?	_____	_____	_____
3) Cash reconciliation process?	_____	_____	_____
d. Entertainment			
1) Procedures for initial recording of entertainment revenue?	_____	_____	_____
2) Cash turn-in procedures?	_____	_____	_____
3) Accounting procedures?	_____	_____	_____
4) Package program allocations?	_____	_____	_____
e. Race and sports book			
1) Write and payout procedures?	_____	_____	_____
2) Sensitive key location and control?	_____	_____	_____
3) Race and sports book auditing procedures?	_____	_____	_____
4) Compliance with Regulation 22?	_____	_____	_____
f. Pari-mutuel wagering			
1) Write and payout procedures?	_____	_____	_____
2) Pari-mutuel auditing procedures?	_____	_____	_____
3) Compliance with Regulations 26A and 26B?	_____	_____	_____
g. Cage and credit procedures			
1) All cage, credit, and collection procedures?	_____	_____	_____
2) Reconciliation of trial balances to physical instruments on a sample basis?	_____	_____	_____
3) Reconciliation of cage accountability to the general ledger?	_____	_____	_____
h. Electronic data processing functions - review for compliance with EDP MICS?	_____	_____	_____

STATE OF NEVADA
GAMING CONTROL BOARD

CPA MICS COMPLIANCE CHECKLIST

INTERNAL AUDIT

	<u>Yes</u>	<u>No</u>	<u>W/P Ref.</u>
8. At least annually, is gross revenue reconciled from the accounting records to the monthly NGC tax returns?	_____	_____	_____
9. Are branch offices having average total account balances of \$200,000 or more visited and reviewed at least biennially?	_____	_____	_____
10. Does the review in Question 9 include all credit and collection procedures, and the reconciliation of physical instruments to the listing maintained by the licensee of transfers to/from the branch office?	_____	_____	_____
11. In addition to the observation and examinations performed under Questions 6, 7, 9 and 10 above, are follow-up observations and examinations performed to verify that corrective action has been taken regarding all instances of noncompliance cited by internal audit, the Board and/or the independent accountant?	_____	_____	_____
12. Is the verification discussed in Question 11 performed within six months following the date of notification?	_____	_____	_____
13. At least annually does the internal audit staff test for compliance with Regulations 3.100, 5.160, 6.040, 6.050, 6.115, 6.130, 6.150, and 8.130?	_____	_____	_____

Other Procedures

The Minimum Internal Control Standards allow the Board to publish checklists, programs and guidelines as a supplement to the internal audit standards. If such supplements are adopted, the following must be answered:

14. Are the internal audit procedures performed in compliance with the checklists, programs and guidelines published by the Board as a supplement to the internal audit standards?	_____	_____	_____
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